BANCA CAMBIANO 1884
SOCIETÀ PER AZIONI

Individual Financial Statements at 31 December 2021

BANCA CAMBIANO 1884 S.p.A.
Sede legale e direzione generale: 50132 Firenze - Viale Antonio Gramsci, 34 - Tel. 0552480811 - Sede amministrativa: 50051 Castelfiorentino (Fi) - Piazza Giovanni XXIII, 6 Tel. 05716891 - Codice ABI 8425 - Iscritta all'albo delle banche della Banca d'Italia al n. 5667 - Iscritta al Registro delle imprese di Firenze al n. 02599341209 REA FI 648868 - Codice fiscale e Partita IVA 02599341209 - Capitale sociale € 232.800.000 i.v. - Aderente al Fondo Interbancario di Tutela dei Depositi, al Fondo Nazionale di Garanzia, al Conciliatore Bancario Finanziario, all'Arbitro Bancario Finanziario - BIC CODE CRACIT33 - Capogruppo del Gruppo Bancario Cambiano
e-mail: info@bancacambiano.it - PEC: pec@pec.bancacambiano.it - www.bancacambiano.it

Cover image:
"Fiorenza", GIAMPAOLO TALANI,
bronze 2016,
Bank's collection

Registered head office and general management: Viale Antonio Gramsci, 34 – 50132 Florence
Administrative head offices: Piazza Giovanni XXIII, 6 – 50051 Castelfiorentino (Fi)
Registered in the Bank of Italy Register of Banks at n. 5667
Share Capital € 232,800,000.00 fully paid-in
Registration number in the Company Register of Florence, fiscal code and VAT code: 02599341209
LEI Code: 8156007395B20763EB44
Parent Company of the Gruppo Bancario Cambiano, registered at n. 238 in the Register of Banking Groups

FINANCIAL STATEMENTS AND REPORTS

FOR THE FISCAL YEAR 2021

Approved by the Ordinary Shareholders' Meeting of 10 May 2022

INDEX

Notice of Shareholders' Meeting

BANCA CAMBIANO 1884 S.p.A
Registered at n. 5667 of the Banking Registrar
Parent Company of the Gruppo Bancario Cambiano
Registered at n. 238 of the Register of Banking Groups
Registered offices: viale Antonio Gramsci, 34 – 50132 Florence (FI), Italy
Share capital: € 232,800,000.00 fully paid-in
Register of companies: Florence 02599341209
Administrative Economic Index (R.E.A.): Florence 648868
Fiscal code: 02599341209
VAT code: 02599341209

Notice of ordinary and extraordinary Shareholders' Meeting

The Shareholders are hereby given notice of an ordinary and extraordinary shareholders' meeting, to be held at first calling on 30 April 2022 at 3:00 p.m. in the registered offices located in Florence, in Viale Antonio Gramsci n. 34 and, if necessary, at second calling, on 10 May at 3:00 p.m., same location, to discuss and vote on the following agenda:

Ordinary part:

1. Approval of the Financial Statements at 31 December 2021, subsequent to review of the Report of the Board of Directors on management, of the Report of the Board of Statutory Auditors and of the Independent Auditors. Allocation of net profit for the year. Resolutions pertaining thereto and resulting there from;
2. Presentation of the Consolidated Financial Statements of Gruppo Bancario Cambiano at 31 December 2021 and of the Report of the Independent Auditors;
3. Approval of the remuneration and incentive policies of Gruppo Bancario Cambiano: (i) Annual report on the remuneration policies and incentive policies for the 2021 fiscal year; (ii) Adoption of remuneration policies and incentive policies for the year 2022;
4. Deliberations pursuant to articles 2364 n.4, 2396 and 2396 of the Italian Civil Code, relating to the corporate exponents of ex Invest Banca S.p.A;

Extraordinary part:

1) Proposal to modify articles 16, 18, 27, 31, 32 of the articles of incorporation, in compliance with regulations on the matter of corporate governance, and suitability requirements relating to corporate exponents. Resolutions pertaining thereto and resulting there from.

ATTENTION

Shareholders are reminded that:

1) in accordance with article 11 of the Articles of Association and the Regulations for shareholders' meetings, a shareholder may be represented by another shareholder who is a physical person, unless the latter is a director, statutory auditor or employee of the company, pursuant to a written proxy specifying the name of the representative and if the signature of the delegating shareholder has been authenticated by the chairman, by members of the board or by a company employee authorized to do so by the Board of Directors, by a notary public or by any other public official authorized by law; the Board of Directors has given authorization to authenticate the signatures of delegating shareholders to all of General Management and all Branch Managers; the proxy to vote may also be assigned by means of an IT document undersigned electronically, in accordance with current laws in force and notified to the Company at the email address info@bancacambiano.it; every shareholder may receive no more than 15 proxies;

2) Shareholders whose shares are not deposited at the bank and who wish to attend the shareholders' meeting (also for the purpose of the complying with the provisions of the third sub-section of article 2370 of the Italian Civil Code) are required to file a document that demonstrates eligibility to attend and vote at the meeting, at the company's registered office at least two days prior to the date set for the meeting; shares may not be withdrawn before the end of the shareholder's meeting.

Florence, 30 March 2022

The Chairman of the Board of Directors
Paolo Regini

TX22AAA4101 (on payment).

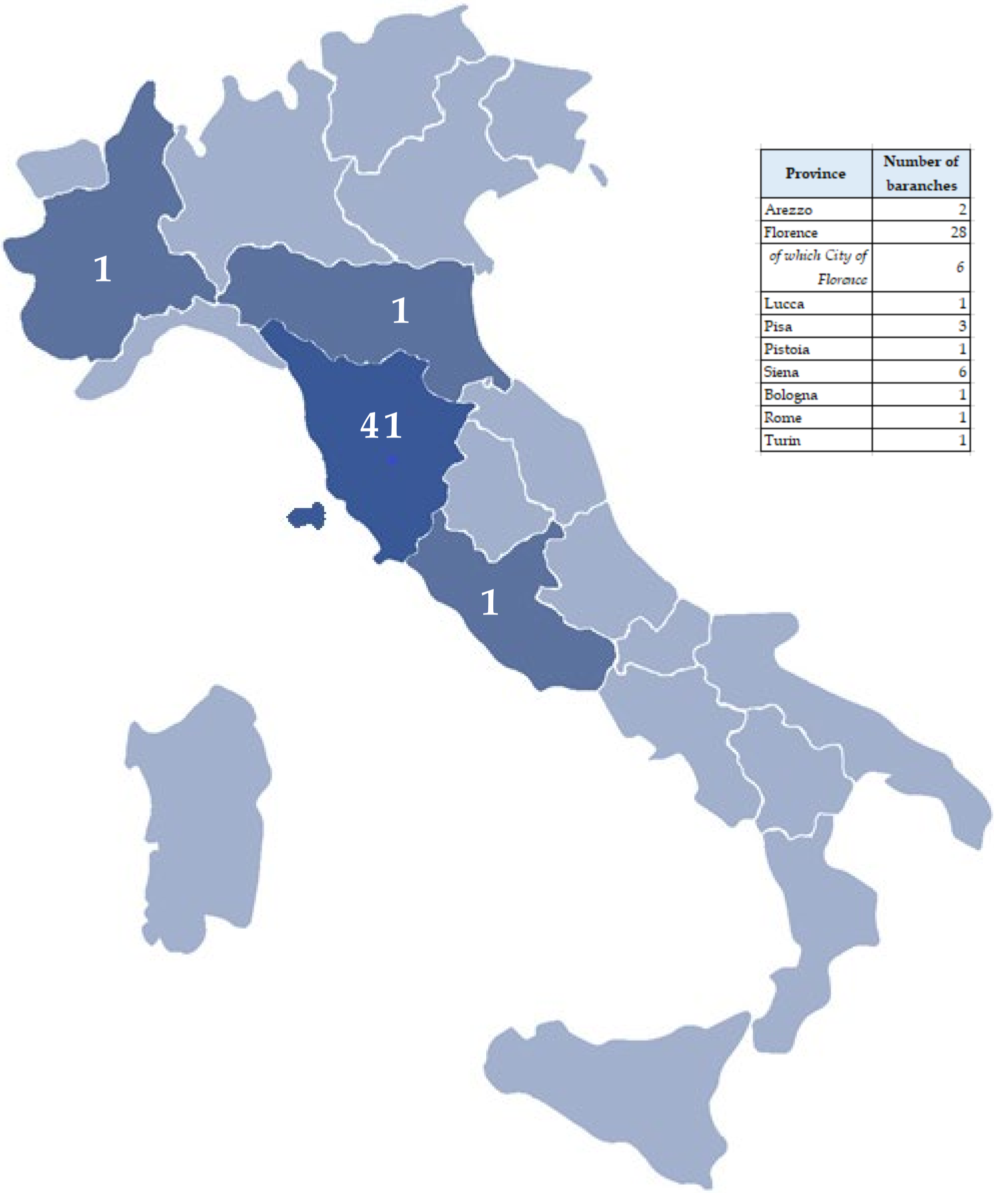
Corporate and Supervisory Officers

Corporate and Supervisory Officers	
Board of Directors	
Chairman	*Paolo Regini* (3)
Vice Chairman	*Enzo Anselmi*
Director	*Mauro Bagni* (1)
Director	*Giambattista Cataldi* (2) (3)
Director	*Giovanni Martelli* (2) (3)
Director	*Paolo Profeti* (1)
Director	*Giuseppe Salvi* (1)
(1) Member of the Executive Committee (2) Independent Member (3) Member of the Risk Committee	
Board of Statutory Auditors	
Chairman	*Gaetano De Gregorio*
Acting Member	*Riccardo Passeri*
Acting Member	*Manuela Sodini*
Alternate Member	*Luca Quercioli*
Alternate Member	*Alice Gori*
General Managers	
Managing Director	*Francesco Bosio*
Vice Deputy Managing Director	*Bruno Chiecchio*
Vice Managing Director	*Giuliano Simoncini*
Independent Auditor	
	Deloitte & Touche S.p.A.

Network of Branches

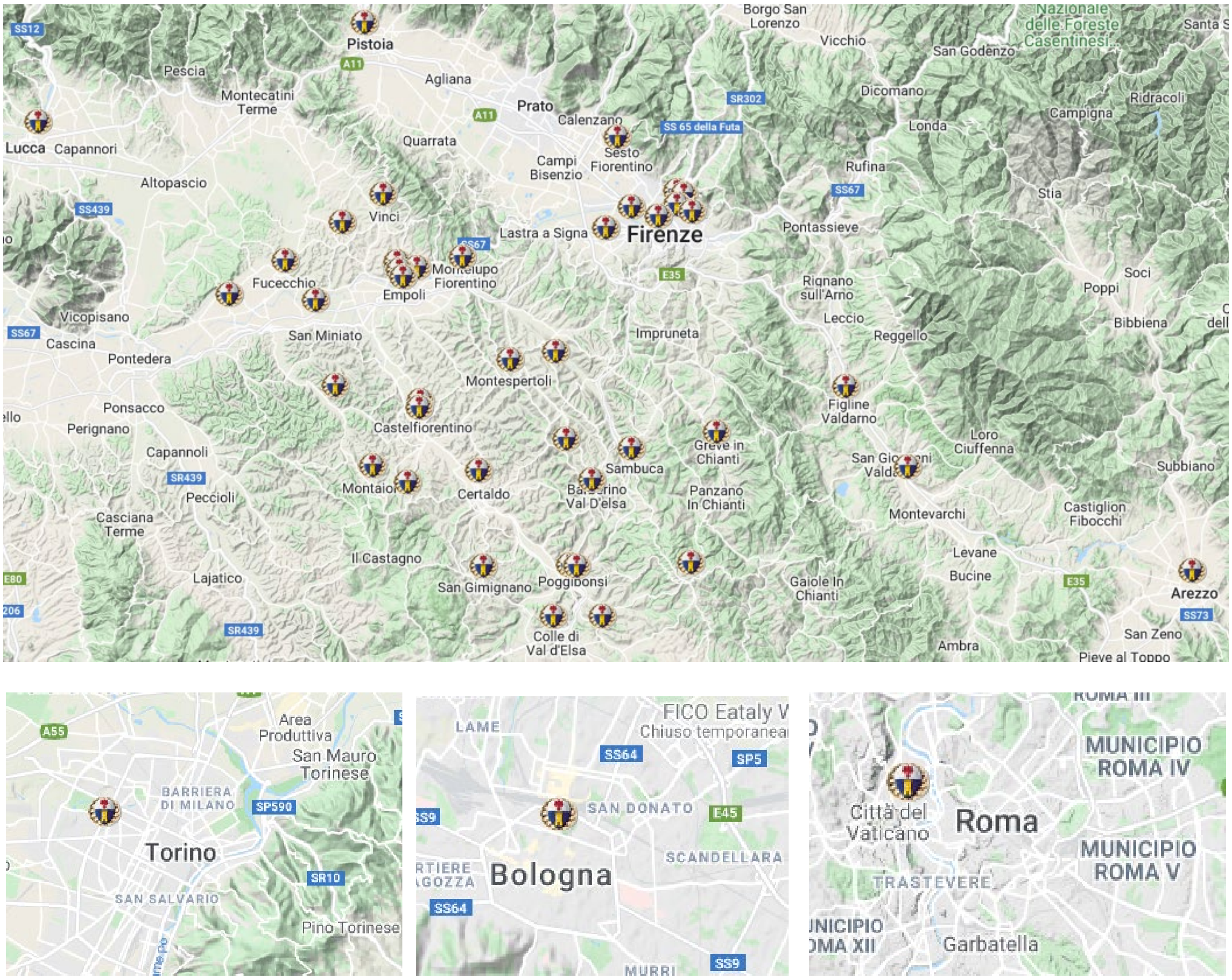
The network of branches of Banca Cambiano 1884 Spa comprises n. 44 branches, of which n. 39 in the original home locations in the region of Tuscany, and 3 located in Turin, Bologna and Rome.

Figure 1 – The network of Branches of Banca Cambiano 1884 S.p.A.



DESCRIPTION	LENDING Euro	% distribution of lending	DIRECT DEPOSIT Euro	% distribution of direct deposit	% lending / deposit	CUSTOMER INDIRECT DEPOSIT Euro	% distribution indirect deposit
TOTAL REGION OF TUSCANY	**2,892,882,325**	**88.36%**	**2,982,103,916**	**88.88%**	**97.01%**	**1,564,879,182**	**96.81%**
EMPOLI AREA	*748,585,841*	22.87%	*908,949,499*	27.09%	82.36%	*238,942,999*	14.78%
FLORENCE AREA	*730,501,929*	22.31%	*710,740,006*	21.18%	102.78%	*116,546,152*	7.21%
VALDARNO AREA	*252,821,667*	7.72%	*79,325,356*	2.36%	318.71%	*18,295,975*	1.13%
VALDELSA AREA	*927,557,848*	28.33%	*1,096,025,248*	32.67%	84.63%	*798,298,917*	49.39%
PRIVATE BANKING	*8,278,647*	0.25%	*89,996,744*	2.68%	9.20%	*143,360,943*	8.87%
HEADQUARTERS AREA	*225,136,393*	6.88%	*97,067,063*	2.89%	231.94%	*249,434,196*	15.43%
URBAN AREA	**380,988,220**	**11.64%**	**373,058,736**	**11.12%**	**102.13%**	**51,593,977**	**3.19%**
BOLOGNA Branch	*123,881,821*	3.78%	*133,282,430*	3.97%	92.95%	*15,988,283*	0.99%
TURNI Branch	*108,082,120*	3.30%	*91,479,788*	2.73%	118.15%	*30,045,677*	1.86%
ROME Branch	*149,024,279*	4.55%	*148,296,518*	4.42%	100.49%	*5,560,018*	0.34%
OVERALL TOTAL	**3,273,870,546**	**100.00%**	**3,355,162,652**	**100.00%**	**97.58%**	**1,616,473,159**	**100.00%**

Map of branches



Report on Management

Non quia difficilia sunt non audemus, sed quia non audemus difficilia sunt.
[Not because they are difficult, do we not dare: they are difficult because we do not dare]
Lucio Anneo Seneca. Letters to Lucilio, 104, 26 (62-65 d.C.)

Esteemed Shareholders,

the year 2021 has been, and will be remembered as, a pivotal year: nothing will ever be as it was before; we must create new paradigms. The heavy impact of the pandemic on economic activities has gradually reduced during 2021, Covid-19 has however directly and indirectly conditioned the recovery, both globally and at individual member levels within the European Union and, particularly, in Italy. New and serious critical issues are now appearing concretely on the horizon, with the war under way, within the very heart of Europe; this is a shame that we wish had remained in past history books, which are already so sadly full of such events.

The 2021 fiscal year was heavily affected by the pandemic in all its economic, political and social aspects. After the previous year, during which Covid-19 veritably up-heaved our world, erupting into our way of life, our way of working and thinking, 2021 represented the moment in which it became necessary to become aware of the need to find a way to cohabitate with the virus, reaping the periods of "calm" to revitalise economic activities and give space to socialisation, while developing valid strategies to resist the waves of greater pandemic recrudescence. Hence, full lockdown measures, effective from a healthcare point of view, but extremely disadvantageous in terms of economic and social relations, were put aside. The experience in 2020, during which ours was the first European country to be struck by Covid-19, and the change of pace at a federal government level, served us well in terms of working with greater rationality and determination, made strong by the reconfirmed capability of the large majority of Italians to fully commit in difficult situations, so much so that during the period in review, the domestic economy, also due to the recovery from the total block of the previous period, registered results that went beyond the expected. An extraordinary capacity to react, which, also thanks to the huge financial resources made available at a European level, made it possible to seriously consider starting a program for development at the end of which our economic system will be stronger and more modern, but also more focused on values such as solidarity and social cohesion. The favourable prospects that seemed in view at year's end, however, became drastically uncertain as a result of the social and economic repercussions generated by the war in the Ukraine, which will impact our country much more deeply than others.

Within this scenario, the bank has operated focusing its attention on the needs of the community and the territories in which it does its business, with the aim of mitigating the effects of the economic and financial crisis caused by the pandemic, closing a not easy year with a good result, in line with the defined management policies.

The accounting data, as illustrated following, represent the conclusion of a reporting period that has been, in many ways, complex; management decisions were based on very prudent criteria, that confirmed an overall positivity. As regards the net result, income is at about 81 million euro, despite the exceptional weight of the Invest Banca spa merger operation, which entailed an extraordinary overall charge of about € 12.8 mln on the 2021 profit and loss account for migration and consultancy expenses, write-down of assets, charges for DTA conversion, in addition to a reduction in net equity of about € 4 mln. The merger was not executed for the purpose of a predefined expansion plan on our part, nor in relation to the entity of the shares held in the incorporated company, but rather, also in line with Supervisory spirit, to allow the orderly exit from the market of Invest Banca spa, on conclusion of the Extraordinary Administration stage, as per Bank of Italy provision, and avoid winding-up proceedings that would most surely have negatively affected stakeholders. Among the possible alternatives to resolve the crisis of Invest Banca spa, a banking enterprise held prevalently by banking institutions, those involving internal company initiatives did not lead to a mutually approved plan, and subsequent initiatives by various external subjects, albeit not marginal, did not prove feasible, either due to the timeline requirements or due to the complexity of the authorisation processes. Hence, the merger with Cambiano proved to be the only remaining possibility, despite having taken full stock, on multiple occasions, of the resulting organisational, management and economic burdens, and their sustainability. Within our scope, the operation was a positive "system" intervention, shared by the Supervisory Body.

The main summary data are reported below.

Main summary data

SUMMARY DATA AND INDEXES				
Data are in €/000				
SUMMARY DATA AND ECONOMIC INDEXES		**31/12/2021**	**31/12/2020**	**Variation %**
DATA	Interest income	65,563	61,654	6.34%
	Net fees	28,715	27,088	6.01%
	Operating income	102,516	100,889	1.61%
	Net income from financial assets	84,089	72,079	16.66%
	Total operating costs	68,155	63,331	7.62%
	of which personnel costs	*29,700*	*27,469*	8.12%
	of which other administrative costs	*39,193*	*33,565*	16.77%
	Net result for the fiscal year	8,100	8,100	0.00%
INDEXES	Cost / Income (Operating costs / Operating income)	66.48%	62.77%	5.91%
	Interest income / employees (average value)	169	161	4.97%
	Commission income / employees (average value)	74	71	4.23%
	Operating income / employees (average value)	265	264	0.38%
SUMMARY DATA AND CAPITAL RATIOS		**31/12/2021**	**31/12/2020**	**Variation %**
DATA	Total assets	4,865,247	4,025,142	20.87%
	Total risk-weighted assets (RWA)	1,988,266	1,984,701	0.18%
	Receivables from customers	3,188,658	2,812,842	13.36%
	of which non-performing loans	*61,995*	*83,932*	-26.14%
	Total financial assets	1,256,614	990,884	26.82%
	Deposits	4,666,415	3,894,983	19.81%
	Of which direct deposits	*3,396,345*	*2,846,955*	19.30%
	Of which indirect deposits	*1,270,070*	*1,048,028*	21.19%
	Shareholders' statutory equity	217,232	198,492	9.44%
	Tier 1 capital (CET1)	225,294	231,411	-2.64%
	Total own funds	296,769	292,352	1.51%
INDEXES	Lending / Direct collection	93.88%	98.80%	-4.98%
	CET1 ratio	11.33%	11.67%	-2.82%
	Tier 1 capital ratio	12.69%	12.18%	4.32%
	Total capital ratio	14.93%	14.75%	1.33%
	Net non-performing loans / Receivables from customers	1.94%	2.98%	-34.90%
	Receivables from customers / employees (average value)	8239	7.363	11.90%
STRUCTURAL DATA		**31/12/2021**	**31/12/2020**	**Variation %**
DATA	Employees (precise number)	429	392	9.44%
	Employees (average value)	387	382	1.31%
	Number of tellers	44	42	4.76%

Reference scenario

Putin's decision to invade the Ukraine follows a strong alignment between Russia and China, and represents a concrete aspect of the extraordinary increase, at a global level, of the geopolitical and economic importance of the Asian axis. Within this context, it should seem clear that for the European Union, the priority of reaffirming (or perhaps of affirming) its role, in addition to its founding values, must be at the base of initiatives to stop the war and the extermination of the civilian population.

Alongside recovering its geopolitical role, Europe must very carefully consider the weight of the repercussions from the sanctions applied to Russia on the Countries in the Union, and, on this point, we repeat, it is indubitable that our country will be the one hit the hardest by the consequences of the sanctions. Europe will have to define and implement a solid energetic policy, overcoming the visionary oppositions that have characterised the past and that have left us miserably exposed. Alternative supply channels must be set up, fractioned and diversified in terms of supplier countries, as opposed to exclusive or quasi-exclusive relations, activated and maintained over time, with a forward vision that was by no means commendable, perhaps because they were easier than searching for, and negotiating with, multiple counterparties. An ease and nearsightedness that have generated an incredible dependence, which today forces us to face the severest of recessive scenarios that the war is outlining. This time, it is not an issue tied only to the economy of war and the associated economic cycle, but in reality, a change is coming to the fore, which will lead us to redraft regulations and redesign flows in financial and commercial relations between the principle areas of the world. It will become necessary, and urgent, to make assessments with a long-term strategic vision, without further falling prey to the charms of rampant globalisation. A social-economic phenomenon that exploded and was heralded, without being aware of its progressive scope, nor did the evidence, over time, ever induce the majority among economists, sociologists, politicians, or legislators, to reflect on the collective euphoria, or almost, for having discovered the Garden of Eden of Genesis, on Earth. Today, we must reconsider many aspects, and come to terms with a very different reality. In this context, it must be clear that, although it may be true that limiting the dependence on Russia for gas will not be a simple task, nor quick to be implemented, alternative, concrete and reliable solutions must be sought, in the interest of all and of the Union, especially if they are sought and found in a co-ordinated manner. Alternative choices, without reneging the green deal, based on values that have come to characterise the Union at an international level; for this reason, reactivating the production of fossil fuels must be a temporary solution only, and for limited quantities, making sure the temporary does not become definitive.

A credible and shared energetic plan must be implemented, one with precise timelines and methodologies, in which the primary role is played by renewable fuels, energetic efficiency, diversification of supplies, shared stockpiles, extraction of gas resources eliminating the prohibitions currently in place, especially in our country, where the NO policy reigns supreme. At the same time, a policy must be agreed upon to sustain families, one that is capable of reducing burdens and sacrifices and facing the risk of recession as a risk that is seriously incumbent. This risk must be fought with European resources, destined to structural investment policies, starting from those associated to energetic coordination and support policies for the more dynamic sectors. And it must be kept in mind that the risk of a recessive stage, and that, even worse, of stagflation, is real, and that the economic and social consequences to be faced are not only those of the immediate repercussions of the effects of the sanctions but, rather, those of a general and long-lasting macro-economic imbalance, tied to a re-drawing of international trade and economic equilibriums. And when events, in their harshness, exceed the placid hypotheses, risk looms just around the corner, for everybody. We must be fully aware of the fact that today, the European Union is the only subject that can, in the general interest, adopt the necessary measures, as it did already during the pandemic with NextGenEu, also because we are facing a long challenge that is just as, if not more, important than the one tied to the consequence of the Covid virus. Europe, between America, China and Russia, represents a terracotta vase between iron vases; but perhaps, for this very reason, it can be the best interlocutor to negotiate a compromise between Russia and the Ukraine. In situations of maximum complexity, intelligence must prevail over force.

In this respect, the approach of monetary authorities, who recently remarked the importance of contrasting inflation, as being even greater than the current recessive trends, is befuddling. It is important that Europe clearly recognises that after the pandemic we are facing a new test, perhaps even more difficult that the previous one, in which the Union's capacity to generate and put forth a common effort to contrast and manage a certainly not temporary shock, must be demonstrated. No great reflection is required to realise that the regulations currently in force at this time are no longer coherent with reality, just as it takes no great effort to come to terms with the fact that the primary rationale of Community regulatory policy tends towards the exclusion of national peculiarities to come to an uniform readability of data. A technocratic tendency inspired by the need for easy comparisons, that destroys old values, without creating new ones; a tendency that is surely not welcome, but is a must for a Community structure that, to date, still lacks political oneness.

After a very difficult 2020, in 2021 the world economy showed signs of recovery. In this sense, a decisive role was played by the mass vaccination campaigns and the continued extraordinary monetary, tax and regulatory policies, that generated a strong recovery during the first three quarters of the year. Nevertheless, the fourth quarter already showed signs of a weakening of the trend, mainly caused by the spread of the "delta" variant of the Covid virus. The forecasts for growth made by many were reviewed and downsized. The difficulty in procuring raw materials and the consequent increase in the price of the same also ignited an increase in inflation in the second half of 2021. The prospects for growth were further weakened during the first months of 2022, following the aggression against the Ukraine by Russia.

As regards the individual geographic areas, from the estimations of the International Monetary Fund (IMF) relative to 2021, the economic recovery of the main **emerging countries** seems to have been considerable and greater as compared to that of **advanced countries** (+6.5% and +5% respectively). For China, which was the only economy that grew in 2020 (+2.3%), the Monetary Fund estimates a growth for 2021 equal to 8%. The greatest growth, however, should be that recorded by India, equal to +9.5%.

In the **United States,** the official temporary data show, for 2021 a GNP growth of +5.4%, following the -3.4% drop in 2020. The American economy, similarly to the rest of the world, had a year marked by recovery, with the exception of the halt during the third quarter, caused by the spread of the "delta" variant of the Coronavirus. Indeed, during the fourth quarter, the economy regained momentum, exceeding expectations with a quarterly year-to-date acceleration of +6.7%, mainly attributable to the restoring of reserves (+5.2%) and to consumptions (+2.3%).

Again, with reference to the International Monetary Fund, in the **euro zone** the GNP seems to have increased by +5.3% on average for the year (after the -6.4% recorded in 2020) thanks to the strong recovery in exports, that contributed for 5.2 percent points, and consumptions (+1.8 p.p.). **Industrial production** in the euro zone in 2021 recovered as compared to the steep drop in the previous year (-7.7%), growing by +7.8%.

Inflation, that in the second half of 2020 touched negative values, increased progressively in 2021, exceeding the 2% threshold in July and stopping at 5% at year's end. The stress on prices continued into the first months of 2022, due to the difficulties faced by logistics chains, which created temporary misalignments between the increase in demands and the offer of end products, and the dynamics of the energetic components, which suffered the increases in fuel and gas, pushed further by the aggravation of the conflict in the Ukraine.

I principali dati macroeconomici						
	PIL (var. % medie annue)			Produzione industriale** (var. % medie annue)		
	2019	2020	2021 *	2019	2020	2021
Usa	2,3	-3,4	5,4	-0,8	-7,2	5,5
Giappone	0,0	-4,6	2,4	-2,7	-10,6	5,8
Area Euro	1,5	-6,4	5,3	-1,1	-7,7	7,8
- Italia	0,3	-8,9	6,6	-1,2	-11,0	11,3
- Germania	1,1	-4,6	3,1	-3,2	-8,1	2,9
- Francia	1,8	-8,0	6,3	0,5	-10,7	5,9
- Spagna	2,1	-10,8	5,7	0,7	-9,5	7,2
	Inflazione (CPI)*** (var. % medie annue)			Tasso di disoccupazione (var. % medie annue)		
	2019	2020	2021	2019	2020	2021
Usa	1,8	1,2	4,7	3,7	8,1	5,4
Giappone	0,8	0,1	-0,2	2,4	2,8	2,8
Area Euro	1,2	0,3	2,6	7,6	7,9	8,1
- Italia	0,6	-0,1	2,0	9,9	9,3	9,8
- Germania	1,4	0,4	3,2	3,2	3,9	3,5
- Francia	1,3	0,5	2,1	8,4	8,0	7,9
- Spagna	0,8	-0,3	3,0	14,1	15,6	14,8

* Previsioni del World Economic Outlook, Fondo Monetario Internazionale. Per l'Italia e gli Stati Uniti dato ufficiale provvisorio.

** Dato destagionalizzato.

*** Per i paesi dell'Area Euro si è preso in considerazione l'indice armonizzato dei prezzi al consumo.

Fonte: Elaborazione Ufficio Studi ABI su dati Refinitiv

[n.d.T.]
Main macroeconomic data
GNP Industrial production
(average yearly % var.) (average yearly % var.)
*Forecasts of the World Economic Outlook, International Monetary Fund. For Italy and the USA, temporary official data
**Seasonally adjusted datum
***For countries in the euro zone, the harmonized index of consumer prices was considered
Source: Processing by ABI Studies Office on definitive data

Consumer prices increased in all the principle countries in the area: per annum in Germany the index went from +0.4% in 2020 to +3.2% in 2021, in France from +0.5% to +2.1% and in Spain from -0.3% to +3%.

As regards oil prices, after the sharp drop in April 2020, the price of brent recovered earlier losses, even pushing inflation up to the aforementioned levels, and closing 2021 at 79.8 dollars per barrel. The increase continued into the first months of 2022, exceeding the 100 dollar threshold with the start of the Ukraine conflict.

During 2021, the euro dropped with respect to the main currencies of reference, or rather, in terms of significance, the main currencies gained value on the euro. The euro/dollar exchange rate registered a downward trend, going from 1.22 at the start of the year to 1.13 in December; the euro/sterling pound exchange rate moved in the same direction, dropping from 0.91 to 0.83; the exchange rate with the Swiss franc decreased to 1.04 from 1.08. Instead, there was an appreciation with respect to the yen, which between January and December rose from 125.2 to 128.1.

During 2021, in an emergency scenario, alas much smaller than that looming on the current horizon, European monetary policy continued to be accommodating but open to various options as regards the evolution of the macroeconomic scenario. Indeed, while the reference rates remained unvaried (0.00% interest rate on principle refinancing transactions, 0.25% on marginal refinancing transactions, and -0.50% on deposits in the central bank) during its July meeting, the Board of Directors of the ECB, with a "nearsighted" approach, defined the objective of 2% inflation in the medium term as "symmetrical".

In 2021, despite the persistence of the state of emergency, the **Italian economy** reacted positively. Temporary Istat data show that, on average, in 2021 GNP grew by +6.6% (-9% in 2020). As regards internal demand, 2021 recorded a positive variation, in terms of contribution, equal to +3.1 p.p. both for fixed gross investments and for private consumptions, and only +0.2 p.p. public expenditure. As regards instead external trade flows, the overall trade balance contributed with a slight negative value of -0.1 p.p.

During 2021, **industrial production** registered an increase greater than that recorded on average in European countries. Per annum, in fact, the index adjusted for calender effects grew by +11.8% as compared to 2020 (-11% in 2020; -1.2% in 2019). The principal industry categories recorded, per annum, the following trend variations: +13.8% essential assets, +15.6% intermediate goods, +9% consumer goods and +2% energy.

During the first months of the current year, due to the uncertainty generated by Russia's invasion of the Ukraine, economic activity showed significant signs of slowing down, that were summed to those already recorded at the end of 2021.

Thanks to the vaccination campaign and the extension of the extraordinary support measures to businesses and workers, the effects of the health emergency on the work market during 2021 were considerably downsized. The employment rate, which had dropped to 57.5% in June 2020, after the acute stage of the pandemic, rose back to 59% at the end of 2021, just slightly below pre-emergency levels. Unemployment in the fourth quarter dropped to 9.1%, 0.7 percentage points lower than 2020. Even unemployment among young people (15-24 year olds) progressively diminished during the years, stopping at the end of 2021 at 27.3%, from 31% at the end of 2020.

On average, in 2021, the consumer price index rose by +1.9% (2 percentage points higher than the previous year), driven upwards by the difficulties in procuring certain raw materials and by the rise of the energy component. In fact, core inflation, which excludes the more volatile components (energy products and fresh produce), registered an average in 2021 of +0.8%, only 0.2 percentage points higher than the 2020 value.

Inflation rose well over 2% in the second half of the year in Italy as well, reaching 3.9% in December. This trend continued into the first months of 2022, further aggravated by the uncertainties connected to the evolution of the Russia/Ukraine conflict. Based on the first Istat estimations, in 2021 the net indebtedness of Public Administrations (PA), measured in relation to the GNP, was equal to -7.2 %, as compared to -9.6 % in 2020. The primary balance of PA (indebtedness net of default interest) was negative, and equal to -65 billion euro, with an incidence on the GNP of -3.6% (-6.1% in 2020), while the debt/GNP ratio dropped to 150.4% from 155.3% in 2020. The overall fiscal pressure rose to 43.4% from 42.8% in the previous year, due to the greater increase of income tax and social security contributions with respect to the GNP at current prices.

As regards **Tuscany**, the positive tone of the cyclical situation and the work market continued into the second half of the year as well, with some fluctuations. The first is however more vivacious than the latter. Both components are, in Tuscany as elsewhere, still not homogenous, in terms of intensity, speed and diffusion among sectors. Also, Tuscany in some cases manifests better dynamics with respect to the national average: certainly in exports, but also in industrial production, if one considers the economic data of the third quarter. In summary, with all the contradictions also typical of the rest of the country, the Tuscan economy has regained vigour and motion, so much so that the post-pandemic scenario showed almost expansive prospects. The situation benefitted from cyclical recovery factors, tied to the evolution of demand components: all in growth. But it also benefitted from the change in regime, at a European and not only national level, of the economic politics that matured during the pandemic. The expansive undertones of fiscal policies favoured buffering operations that kept the productive potential alive, and preserved household incomes, thereby ensuring the prerequisites to capture the recovery. Furthermore, the new protagonism of the public sector, with an ambitious programme of reforms and investments, some already partially in progress, ignited an increase in positive forecasts, favouring an atmosphere of greater faith among economic operators, sadly now compromised by the uncertainties induced by the war situation underway and by the inefficacy and inconsistency of negotiations that are, and will continue to be, the only realistically viable route to reconciliation.

As regards the pandemic, not all the elements of uncertainty have been fully erased. The health emergency has been mitigated thanks to the vaccination campaign and the consequent weakening of the link between contagions and hospitalisations, but the recent appearance on the scene of the Omicron variant and its rapid spread, on a global level, impose caution as regards any forecast for a definitive exit from the crisis. Furthermore, while there is good news in terms of domestic consumption, some weaknesses manifested during the year were reconfirmed as regards the resilience of international value chains. The strong growth in international demand for goods, both finished and intermediate, drove even the cost of haulage and delivery times upwards, which rose also due to the effect of restrictive measures adopted by governments and for the scarce availability of containers, especially in

Asia. The chain reaction effect of the scarcity of raw materials and prices will slow down the return to pre-pandemic production levels. The resulting recent rise in inflation should make maintaining the expansive nature of monetary policies in the near future uncertain, especially if the increase in prices does not stop within the first half of 2022. Inflation processes should be contrasted by monetary manoeuvres that are the opposite of those currently being applied, but the current context is beyond any criteria or rule.

Significant events during 2021

Merger by incorporation of Invest Banca spa in Extraordinary Administration

The main significant event that occurred during 2021, as already mentioned, was the merger by incorporation of Invest Banca spa in Extraordinary Administration. In March 2020, the mismanagement of an operational unit determined a management result which proved to be, subsequent to the Extraordinary Management ordered by the Supervisory Authority, detrimental to a return to ordinary activities. To settle the corporate crisis of Invest Banca spa, ensuring its orderly withdrawal from the market, the incorporation into Banca Cambiano was defined, under the terms illustrated above.

For completeness of information, the table below shows the assets acquired following the merger operation, shown based on the value entered in the financial statements prepared by the company as referred to 31/10/2021, accounting date of reference for the transaction. The Extraordinary Administration procedure was completed on 27 November 2021, date on which the merger of Invest Banca S.p.A. into Banca Cambiano 1884 S.p.A. became legally effective. Nevertheless, under the provisions of the deed of merger, executed on 18 November 2021, and specifically article, 2 letter d) of said deed, the accounting and tax effects of the merger run from 1 November 2021. Therefore, pursuant to said provision, the assets and liabilities of the incorporated subject (Invest Banca) were recognised, at the presumed fair value as at the date of purchase, in compliance with the IFRS3 § 18 accounting standard, as of 1 November 2021 instead of at the date of acquisition of accounts, 27 November 2021. Therefore, all the transactions and effects thereof carried out subsequent to the date of 31 October 2021 and up to 27 November 2021 were reflected in the financial statements of the Bank. The impact of said representation was not significant. The differences that emerged between the value in the financial statements of Invest Banca and the fair value were recognised in line item 220 "Other operating income". To support the evaluation made by the company to book the values of the merged company in the financial statements, a specific expert evaluation was acquired.

ACQUIRED INVEST BANCA ASSETS AND LIABILITIES				
data in €/000				
	Assets line items	**31/10/2021**	**Fair value attributed during the acquisition**	**Difference from merger**
10.	Cash and cash equivalents	32	32	-
20.	Financial assets measured at fair value with impact on profit and loss account	32,874	32,874	-
	a) financial assets held for trading	*18,043*	*18,043*	-
	b) financial assets measured at fair value	-	-	-
	c) other financial assets obligatorily measured at fair value	*14,831*	*14,831*	-
30.	Financial assets measured at fair value with impact on total profits	-	-	-
40.	Financial assets measured at amortised cost	1,319,382	1,319,382	-
	a) receivables from banks	*63,284*	*63,284*	-
	b) receivables from customers	*1,256,099*	*1,256,099*	-
50.	Hedges	-	-	-
60.	Adjustments of value of generic hedges for financial assets(+/-)	-	-	-
70.	Equity investments	875	875	-
80.	Property, plants and equipments	2,120	2,742	622
90.	Intangible assets	-	-	-
	of which:			

	- goodwill	-	-	-
100.	Tax receivables	1,720	8,393	6,673
	a) current	*50*	*50*	-
	b) pre-paid	*1,669*	*8,342*	*6,673*
110.	Non-current assets and groups of assets in the course of divestment	-	-	-
120.	Other assets	7,613	7,613	-
	Total assets	1,364,616	1,371,911	7,295

	Liabilities line items	**31/10/2021**	**Fair value attributed during the acquisition**	**Difference from merger**
10.	Financial liabilities valued at amortised cost	1,349,070	1,349,070	-
	a) payables to banks	*61,730*	*61,730*	-
	b) payables to customers	*1,281,783*	*1,281,783*	-
	c) outstanding securities	*5,557*	*5,557*	-
20.	Financial liabilities from trading	-	-	-
30.	Financial liabilities measured at fair value	-	-	-
40.	Hedges	-	-	-
50.	Adjustments of value of generic hedges for financial liabilities(+/-)	-	-	-
60.	Tax liabilities	-	-	-
	a) current	-	-	-
	b) deferred	-	-	-
70.	Liabilities associated to assets in the course of divestment	-	-	-
80.	Other liabilities	4,286	4,286	-
90.	Employee severance pay	159	159	-
100.	Risk and expense funds:	3,640	5,143	1,504
	a) commitments and issued guarantees	-	-	-
	b) pensions and similar commitments	-	-	-
	c) other risk and expense funds	*3,640*	*5,143*	*1,504*
	Total liabilities	1,357,154	1,358,658	1,504

	Net value of acquired assets and liabilities	7,462	13,253	5,791

As emerges from the schedules of the financial statements shown, the value of assets and liabilities acquired by Banca Cambiano is determined temporarily, that is, prior to the application of fair value and the booking of pre-paid taxes arising from the merger transaction, as 7.462 million euro.

Subsequent to the evaluation of fair value and the booking of the pre-paid taxes, the net value of assets and liabilities acquired increases to 13.253 million euro, from which, after deducting the payment in capital account of 11 million euro made by the Bank after 30 June 2021, an overall badwill of 2.253 million euro emerges, booked in line item 220 “Other operating income”, as shown in the table below.

Determination of Badwill:	
Payment in capital account	-11,000
Value of net assets acquired from Invest Banca at 1.11.2021 (prior to determination of fair value)	7,462
Value of net assets acquired from Invest Banca at 1.11.2021 (adjustment of fair value)	5,791
Badwill	**2,253**

The detail of the badwill components relative to the entire merger transaction, allocated to “Other operating income” is provided in the comments to the economic data.

Assets line item 40 b) receivables from customers includes repurchase agreement assets for 1,187 million euro, which have an exact counterpart entry in liabilities line item 10 b) payables to customers. For the purpose of underscoring the impact of the merger transaction, in terms of equity, on Banca Cambiano values, below are the acquired elements of assets and liabilities following the merger transaction with Invest Banca, shown based on the value in the financial statements prepared by the company referring to 31/10/2021, obtained by eliminating the repurchase agreement assets with the repurchase agreement liabilities.

ACQUIRED INVEST BANCA ASSETS AND LIABILITIES
INVEST BANCA FINANCIAL STATEMENTS VALUES AT 31/10/2021 – NET DATA

data in €/000

	Asset line items	31/10/2021
10.	Cash and cash equivalents	32
20.	Financial assets measured at fair value with impact on profit and loss account	32,874
30.	Financial assets measured at fair value with impact on total profits	-
40.	Financial assets measured at amortised cost	132,502
	a) receivables from banks	*63,284*
	b) receivables from customers	*69,219*
70.	Equity investments	875
80.	Property, plants and equipment	2,120
90.	Intangible assets	-
100.	Tax receivables	1,720
	a) current	*50*
	b) pre-paid	*1,669*
120.	Other assets	7,613
	Total assets	**177,736**

	Liabilities line items	31/10/2021
10.	Financial liabilities valued at amortised cost	162,190
	a) payables to banks	*61,730*
	b) payables to customers	*94,903*
	c) outstanding securities	*5,557*
60.	Tax liabilities	-
	a) current	-
	b) deferred	-
80.	Other liabilities	4,286
90.	Employee severance pay	159
100.	Risk and expense funds:	3,640
	a) commitments and issued guarantees	-
	b) pensions and similar commitments	-
	c) other risk and expense funds	*3,640*
	Total liabilities	**170,274**

Dispute with Revenue Office reimbursement "amount" 20% on net equity for the "way out"

On 9 July, Pronouncement n. 149/2021 issued by the Constitutional Court on 8 June was filed, relating to the constitutionality incidentally raised by the Court of Cassation – Tax Section, regarding the appeal filed by the stakeholder Ente Cambiano Scpa against the Revenue Office for the reimbursement of the amount paid ("amount" equal to 20% of net equity, that is 54,208,740.00 euro) following the transfer of the banking company during the "way out" operation.

The Constitutional Court, contrary to the findings of Cassation in the ruling for referral, affirmed, with extremely "innovative" formulations, that the payment of 54,208,740.00 euro to the State was the "just price" to be paid for taking advantage of the opportunity offered to not adhere to a co-operative banking group, and to instead acquire control of the transferee bank. This "withdrawal", the ultimate rationale of which is identified and supported by the Supreme Court through a series of incorrect and worrisome argumentations. The aim of the regulation therefore seems to be that of directing (*rectius* forcing) co-operative banks (BCCs) to not resort to the legislative provision of the "way out" adhering, in line with the historical adhesion of the BCCs to the structures of the movement, - from which, however, Cambiano has been disassociated since the end of the 1970s-, to the co-operative group/s, so as to not reduce the planned systemic relevance.

Finally, omitting the evident error connected to the circumstance which, while in the original version of the reform law provided for a 20% tax on the transformation into SpA but with redemption of indivisible legal reserves, an equal withdrawal, albeit by a different name, the definitive formulation of the regulation has reconfirmed the obligation of indivisibility. Indeed, the redemption of the reserves would have been followed by the direct exercising of the banking concern in the form of SpA (and not "bound", as was the case); hence, it is incorrect to affirm that the same withdrawal is now justified solely because the exercise of the banking activity is "externalised". If this were the case, the original version would have had to provide for two withdrawals, one for the redemption and the other for the exercise in purely capitalistic form of the banking activity. According to the Court, therefore, in less there is room for more.

Such a subversion of the consolidated juridical categories cannot be explained if not by the will to affirm a *dirigiste* message at all costs: ultimately, the "price" to which the Court refers is precisely the price of free (moreover, "conditional") enterprise, robbed of any constitutional guaranty and in contempt of the corporate operations of big companies in the co-operative world with transfers of companies with share capital that have had the tax settlements typical of the system with respect to the illegitimate discipline provided for by the reform law for BCCs. And it is precisely that *dirigiste* approach, and the inconsistency of the arguments used to justify the withdrawal, that have provided the "rebel" BCC new defence possibilities, already being acted upon, on a dual front, both Union and European Court of Human Rights. After all, it is not rare that said fronts have, for some time and on many occasions, supplanted advisory council in the legitimate expectations of justice for Italian taxpayers facing the national regulatory contortions and case-law lucubration.

In some ways, it is regrettable to have to hope in European justice: "Surely there is a judge in Berlin!", to use the words of the miller vexed by the local nobleman in the tale by Brecht. We are firmly confident of a truly just pronouncement; we only we hope we do not have to wait for divine justice!

Other significant events

As regards the structure of the network of branches, please note that in March 2021 the branch in Orentano, in the municipality of Castelfranco di Sotto was closed and transferred to the city of Lucca. The purpose of said operation was to activate a location in a territory with a greater economic and social relevance. We confirm our assessment, that bucks the trend of the rest of the banking system, that being close to families/households and small and medium enterprises is, and remains, a modern value, albeit to be correlated to a review in terms of costs, also in relating to the use of modern contact technologies.

A direct and constant relationship between the bank and the communities it serves, that is ensured by the branches, is one of the founding elements that has allowed us to bring to life, and progressively broaden, a corporate model characterised by its being rooted on the territory, by the stability of the social base, by the profitability of management, and also by a strong and recognised identity, that is reconfirmed as a real and distinguishing perceived value. Even in a year such as 2021, still deeply marked by the continuing Covid-19 pandemic, that entailed limitations and imposed safety measures for customer access to the facilities, our policy of providing operational continuity to local branches was confirmed. The reinforcement of the telematic means of access to banking services – increasingly used by customers even for more complex transactions – was accompanied by the enhancement of services with greater added value in the branches, where quality and the level of personalisation are guaranteed by specific professional personnel, as well as by an organisational structure capable of immediately counting on the support of specialised central functions. For us, "multichannel" means, and takes the form of, increasing the modes of access to bank services and products, without this constituting a loss for the network of branches, but rather even more privileges, its essential function as manager of the more qualifying relations with customers.

Commercial policies and financial activities

Development and marketing activities were aimed, through multiple initiatives, at supporting the commercial activities of bank branches and of the telematic channels, supporting families and small and medium businesses. During the period in review, affected by the repercussions of the pandemic, but aimed at recovery, we worked on all fronts to offer functional services to accompany our customers during this transition period. Hence, new products were created and existing products were updated, in order to guaranty simple and versatile answers to a variety of needs.

The past year witnessed an increase in direct deposits, at a Bank level and net of the acquisition of Invest Banca, of 400 million euro, a growth conditioned by the continuing pandemic situation.

In light of the important growth of this sector, the objective for 2022 will be, first of all, to maintain the significant trust assets reached, fully and definitely aware that direct deposits represent, and have always represented, an added value in the trust relationship with customers; remaining aligned with market conditions, it will also be necessary to strive for a further cost reduction thereof, continuing actions to contain rates, already implemented in previous years and continued into this last year (-18%).

Simultaneously, to further increase cash on demand, the conversion of the same in indirect deposits will have to be reinforced, as it is indispensible in order to obtain the desired increase in operating income.

At the end of 2021, loans to businesses and families (+14% at a Bank level) increased by 2.5% as compared to a year ago. During 2021, the **measures for financial support to businesses** implemented by the government during 2020, continued, focused on maintaining programs for public guarantees on loans and the moratorium on debts. These factors efficiently contributed to limiting the need for cash by companies and to supporting credit expansion despite the continuing pandemic, avoiding a credit crunch; instead, the previous recessive stages were marked by reductions, 2% in 2009 and 7% overall in the 2012-13 two year period.

The growth involved primarily **long-term loans**; instead, short-term loans decreased slightly, also reflecting the choice by companies to use a more stable source of financing in a stage characterised by high uncertainty regarding economic prospects.

Considering the increase registered in the past reporting period, equal to approximately 400 million euro, taking into account that the Bank intends to contain capital absorptions and always maintain capital ratios in line with regulatory requirements, in light of the over 270 million medium-long-term that will be due in 2022, the objective for this sector is to obtain a substantial substitution of expired positions, with lack of use of eligible guarantees for the purpose of the CRR. Among these, particular attention is due to the convention established with the EGF «Pan European Guarantee Fund», which constitutes a valid alternative guaranty with respect to the Central Fund. At this time, we are one of the few banks in Italy (along with the subsidiary Cabel Leasing SpA) that may use this instrument, which allows using European resources to breathe life into companies in difficulty due to the crisis triggered by the Covid-19 emergency.

The economic and financial context of 2021 was very complex and characterised by a greater volatility of financial markets, caused by the rise in interest rates, that began to reflect increasingly higher inflationary expectations, and by the first signs of geo-political risks. In this environment, the proprietary portfolio was prevalently invested in Italian government bonds, with limited exposures on bank securities and industrial corporate securities. In the government bonds category, preference was given to Pluri-annual Treasury Bonds at a fixed rate, with a small percent invested in floating rate Government Certificates. The average financial duration of the proprietary portfolio overall was maintained during the year within a time interval of 2-5 years, securities with a higher average financial duration and in the time interval longer than 5 years were classified in the HTC (Held to Collect) category. Financial instruments characterised by a lower degree of liquidity represent a negligible percent of the portfolio and are represented mainly by shares in collective investment undertakings (OICR) and/or securities by unlisted issuers. During 2021, the first ESG (Environmental, Social and Governance) criteria were integrated into the selection of financial instruments, specifically by participating in the first issue of a Green Bond by the Italian government and by subscribing a specialised management in the subscription of securities issued by companies that participate in increasing energetic efficiency, reducing emission and producing energy from renewable sources. The activity of the foreign sector was also positive, as in addition to being a point of reference for commercial transactions for business customers, it also reached a significant result from trading.

Below are some tables regarding the breakdown of the financial portfolio and trading assets.

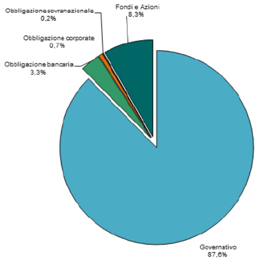
COMPOSIZIONE DEL PORTAFOGLIO DI PROPRIETÀ

Tipologia Strumento	Numero Titoli	Nominale	Corso Tel Quel al 31/12/2021	Peso %
CCT EU	3	100.500.000	103.506.749	10,81%
BUND	1	300.000	313.480	0,03%
BTP	16	702.571.000	713.428.766	74,52%
BONOS	1	400.000	407.815	0,04%
FINLANDIA	1	300.000	315.742	0,03%
FRANCIA	2	450.000	466.108	0,05%
AUSTRIA	1	300.000	320.086	0,03%
BTP + IRS	1	20.000.000	19.963.400	2,09%
Obbligazione non gov. TV Senior	5	10.191.000	10.195.407	1,06%
Obbligazione non gov. TF Senior	40	27.832.000	28.362.345	2,96%
Obbligazione non gov. TF Subordinata	1	1.040.000	1.042.326	0,11%
Fondi e Azioni	11	79.157.191	79.096.515	8,26%
TOTALE	83	943.041.191	957.418.738	100,00%

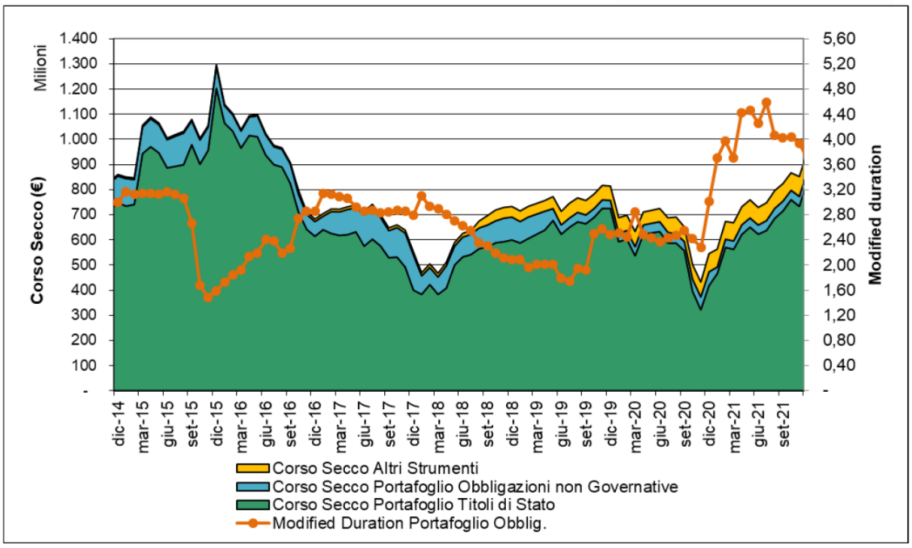
[n.d.T.]
BREAKDOWN OF THE PORTFOLIO OF HOLDINGS
Type of instrument Number of securities Nominal Tel quel rate at 31/12/2021 % Weight
EU CCT
BUND
BTP
BONOS
Finland
Austria
BTP + IRS
Non gov. bond TV senior
Non gov. bond TF senior
Non gov. bond TF Subordinate
Funds and Shares
TOTAL

DIVERSIFICAZIONE PER ASSET CLASS

Asset class	Numero Titoli	Nominale	Corso Tel Quel al 31/12/2021	Peso %
Governativo	26	824.821.000	838.722.146	87,60%
Obbligazione bancaria	23	31.138.000	31.590.738	3,30%
Obbligazione corporate	19	6.375.000	6.429.971	0,67%
Obbligazione sovranazionale	4	1.550.000	1.579.369	0,16%
Fondi e Azioni	11	79.157.191	79.096.515	8,26%
TOTALE	83	943.041.191	957.418.738	100,00%

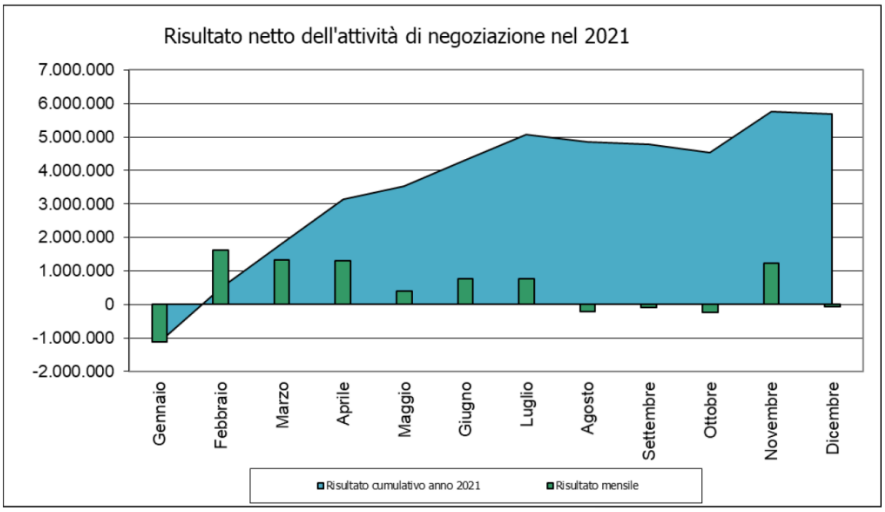


[n.d.T.]
DIVERSIFICATION PER ASSET CLASS
Asset Class Number of securities Nominal Tel quell rate at 31/12/2021 % Weight
Government
Bank security
Corporate security
Supranational securities
Funds and shares
TOTAL



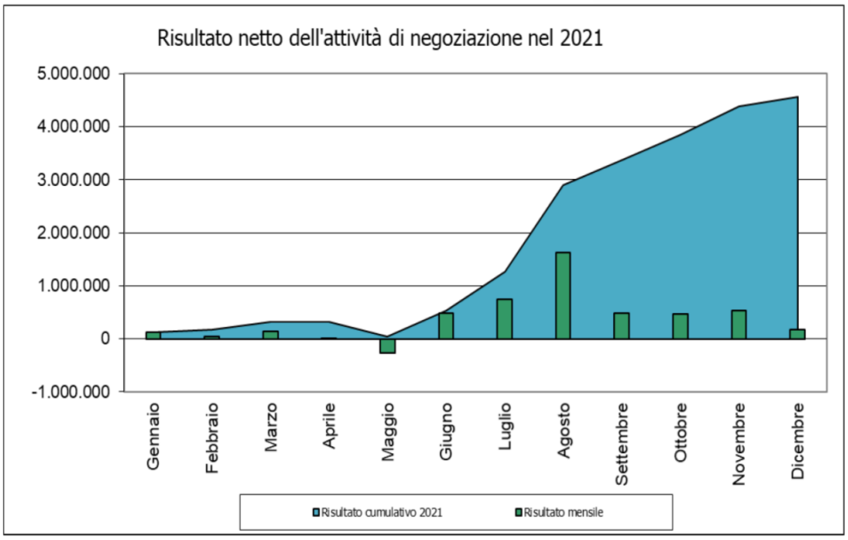
[n.d.T.]
Corso secco = clean price
Corso secco altri strumenti = clean price other instruments
Corso secco portfolio obbligazioni non governative = clean price non government bonds portfolio
Corso secco portfolio government bonds = clean price government bonds
Modified duration portfolio obblig. = modified duration securities portfolio

Securities trading



[n.d.T.]
Net result of trading in 2021
January – February – March – April – May – June – July – August – September – October – November – December
Cumulative result year 2021 Monthly result

Forex Trading



[n.d.T.]
Net result of trading in 2021
January – February – March – April – May – June – July – August – September – October – November – December
Cumulative result year 2021 Monthly result

Credit and financial brokerage

Analysis of the balance sheet and income statement items

The principle line items of the balance sheet and income statement as at 31 December 2021 are commented here following, in comparison to the comparative data provided.

Line item **40 a) of the Assets – Receivables from banks** – includes all financial assets measured at amortised cost held vis-à-vis banking counterparties. As at 31 December 2021, this line item included securities for a sum total of 11.6 million euro, substantially stable with respect to the datum from the previous reporting period, and credit exposures to banks for 212 million euro, with a decrease for the period of reference of 154 million euro (-42.10%). In particular, as shown in the table below, the greater part of the decrease registered with respect to the previous reporting period is due to the variation of the allocation of current accounts and demand deposits in banks which, as provided for by Bank of Italy Circular n. 262/2005, 7th update of 29/10/2021, must be booked in line item 10 Cash and cash equivalents, while other exposures to banks continue to be booked to line item 40 a).

EXPOSURES TO BANKS

data in €/000				
Type of transaction/assets	**31/12/2021**	**31/12/2020**	**Absolute var.**	**% var.**
a) Cash	13,741	13,908	-167	-1.20%
b) Current accounts and demand deposits in Central Banks	0	0	0	
c) Current accounts and demand deposits in banks	91,248	77,866	13,382	17.19%
Total balance sheet line item 10 Cash and cash equivalents	**104,989**	**91,774**	**13,215**	**14.40%**

data in €/000				
Type of transaction/assets	**31/12/2021**	**31/12/2020**	**Absolute var.**	**% var.**
Receivables from banks – HTC securities	11,509	11,378	130	1.15%
Receivables from banks – Other receivables	211,935	288,140	-76,205	-26.45%
Total balance sheet line item 40.a Receivables from banks	**223,443**	**299,518**	**-76,075**	**-25.40%**

Assets line item 4**0 b)– Receivables from customers** – includes all financial assets measured at amortised cost held vis-à-vis non banking counterparties. As at 31 December 2021, this line item included government bonds for a sum total of 355 million euro, with an increase of 75 million as compared to 31/12/2020 (+26.64%), and loans granted to ordinary customers for 3,189 million euro, with an increase in the period of reference of 376 million euro (+12.16%). In particular, as shown in the table below, this increase is primarily due to the mortgages and loans component, which registered an increase of 392 million euro. The decrease in gross non-performing loans registered during the year, equal to 43 million euro (-24.59%), was also significant.

LENDING				
Data in €/000				
Type of transaction/assets	**31/12/2021**	**31/12/2020**	**Absolute var.**	**% var.**
1. Current accounts	626,785	584,556	42,229	7.22%
2. Mortgages and loans	1,995,706	1,603,234	392,472	24.48%
3. Portfolio	7,994	7,125	870	12.20%
4. Securitised mortgage loans	0	0	0	-
5. Self-securitised mortgage loans	460,974	522,599	-61,625	-11.79%
6. Other financing	42,593	48,380	-5,786	-11.96%
7. Gross non-performing loans	131,711	174,662	-42,951	-24.59%
8. Impairment loss on non-performing loans	-69,716	-90,729	21,014	-23.16%
17. UTP adjustments	-33,884	-26,760	-7,124	26.62%
18. PD adjustments	-358	-580	222	-38.24%
19. Bonis Stage 2 adjustments	-18,405	-16,276	-2,130	13.08%
20. Bonis Stage 1 adjustments	-7,201	-10,035	2,835	-28.25%
Total net economic lending vs ordinary customers	**3,136,199**	**2,796,174**	**340,025**	**12.16%**
10. Receivable from Pontormo RMBS	12,141	15,660	-3,518	-22.47%
11. Receivable from Post Office	247	302	-55	-18.18%
12. Receivable from C.C. & G.	40,071	706	39,365	5577.15%
Total other net economic lending	**52,459**	**16,668**	**35,791**	**214.73%**
Total (balance sheet value – receivable from customers, amortised cost)	**3,188,658**	**2,812,842**	**375,817**	**13.36%**
14. Receivables from customers – HTC Securities	355,146	280,448	74,698	26.64%
15. Impairment losses on Securities	-52	-64	13	-19.86%
16. Receivable for active Repo transactions	67,756	0	67,756	-
Total line item 40.b Receivable from customers	**3,611,508**	**3,093,225**	**518,283**	**16.76%**

As at the date of 31.12.2021 the **so-called "COVID-19"moratoria** amounted to a total of 1.50 Mln/€, and of these, 93.92% is represented by moratoria ex art. 54 of Italian Law Decree n. 18/2020 (1.41 Mln/€), and the remaining 6.08% by ABI moratoria to consumers (91 thousand/€).

Type of moratoria	**31/12/2021 amount**	**31/12/2020 amount**
ABI CONSUMERS agreement	91,317	82,101,476
ABI SME agreement	-	78,299,090
Art. 54 L.Decree n. 18/2020 (converted with L. n. 27/2020)	1,410,081	7,771,889
Art. 56, co. 2, lett. b) L. Decree n. 18/2020 (converted with L. n. 27/2020)	-	337,779,400
Art. 56, co. 2, lett. c) L.Decree n. 18/2020 (converted with L. n. 27/2020)	-	26,417,556
Total so-called "Covid-19" moratoria	**1,501,398**	**532,369,411**
Ordinary lending measures not associated to the COVID-19 pandemic	15,300,269	1,286,254
Lending measures subsequent to COVID-19 legislative/associative moratoria	8,706,889	-
Total different moratoria	**25,508,556**	**1,286,254**

Overall total	**27,009.954**	**533.655.665**

Of the aforementioned moratoria, 69.93% (1.05 Mln/€) regarded families (or counterparties without an ATECO code, that is a code allocated to businesses at start-up), 9.71% (€ 146 thousand) Public Administration, 9.16% (137 thousand/€) business in the accommodations and restaurant services industry, and 8.13% (122 thousand/€) businesses in the transport and storage sector.

Ateco Code	Total receivables	VCL Moratoria	Number of customers in moratoria	Incidence of moratoria on sector lending	Incidence of sector moratoria on total moratoria
Families	1,380,84,612	1,049,932	13	0.08%	69.93%
H – Transport and storage	52,778,657	122,096	1	0.23%	8.13%
I – Accommodations and restaurant services	166,816,643	137,497	1	0.08	9.16%
N – Rental, travel agencies, business support services	30,079,289	46,060	1	0.15%	3.07%
O – Public administration and defence; mandatory social security	257,709	145,811	1	56.58%	9.71%
Overall total	**1,630,716,912**	**1,501,398**	**17**	**0.09%**	**100.00%**

With specific reference to moratoria granted to customers pursuant to the law, even taking into account the EBA clarifications of 29/01/2021, the Bank performed an assessment of all lending with moratoria granted to customers based on art. 56, co.2, lett. c) of Law Decree n. 18/2020, that was concluded by 30 June 2021; in particular:

- A campaign was launched to contact all customers, aimed at performing an in-depth assessment of the economical and financial position of the same, by means of a questionnaire;
- A specific task-force was created, composed of personnel from the Preliminary Loans Office and the Early Management Office, to analyse the questionnaires and the additional supporting documents acquired from customers, and to perform the subsequent assessment regarding the existence or lack of a situation of financial difficulty such as to entail the census of the forbearance measures.

The aforementioned task force, on the basis of the questionnaires filled out by customers, assessed over 2,500 customers with a residual moratoria capital of over 370 million euro. Based on the assessment made by the functions of competence internal to the Bank, the positions with respect to which economic difficulties were found, with consequent census of forbearance, determined an increase in impairment losses between the months of May and June 2021 quantifiable in 2.4 million euro. Also, please note that, as at the date of 30.6.2021, the gross accounting value of the positions subject to assessment as forbearance measures amounted to 51.86 million euro, with an impairment loss at the same date of reference of 6.70 million euro.

Government backed loans issued following the Covid emergency

As at the date of 31.12.2021, there were government backed loans issued by the Bank following the Covid emergency for an amount of 521.38 Mln/€, equal to 15.40% of the overall portfolio of receivables from customers at the same date (16.54% if compared to the performing portfolio). The relative details are shown in the table below.

Type of loan	31/12/2021 Amount	31/12/2020 Amount	Difference
art. 13 lett. c SME Fund – New guaranteed loans 80% - 90%	282,678,334	184,734,079	97,944,255
art. 13 lett. d SME Fund – New guaranteed loans 80% - 100%	7,182,348	3,337,654	3,844,694
art. 13 lett. E SME Fund – renegotiated loans	119,455,335	70,174,479	49,280,856
art. 13 lett. m SME Fund - New loans up to € 25,000/30,000	77,100,693	68,925,422	8,175,271
art. 13 lett. n SME Fund – Loans 800,000€	1,282,354	927,000	355,354
art.1 gar. SACE	33,677,759	2,912,699	30,765,060

Total	**521,376,823**	**331,011,333**	**190,365,490**

As regards the quality of credit, the actions initiated during the last reporting period by Bank management, with the support of the special "NPL area", continued into 2021 as well, finding their pay-back in the improvement recorded in the principle segment indicators, even as compared to average banking system data.

In this context, the de-risking activities also continues, and during the months of February and October 2021 two sale transactions of non-performing loans were concluded, for a total of 32 million euro of gross exposure.

The tables that follow illustrate the data regarding receivables from customers subdivided by category and specifying, for each, the gross value, the overall adjustments, the net value and the hedging, as well as a series of indicators intended to provide a summary representation of the quality of credit.

CREDIT QUALITY	**VALUES AT 31/12/2021**					**VALUES AT 31/12/2020**			
	Gross exposure	**Overall adjustments**	**Net exposure**	**Hedging**		**Gross exposure**	**Overall adjustments**	**Net exposure**	**Hedging**
CASH CREDIT EXPOSURES									
Stage 3 - Receivables from customers – NPL	131,711	69,716	61,995	52.93%		174,662	90,729	83,932	51.95%
Stage 3 - Receivables from customers – UTP	98,475	33,884	64,591	34.41%		89,055	26,760	62,295	30.05%
Stage 3 - Receivables from customers - past due	3,434	358	3,075	10.44%		3,112	580	2,532	18.65%
Total impaired receivables	**233,620**	**103,958**	**129,661**	**44.50%**		**266,829**	**118,070**	**148,759**	**44.25%**
Stage 2 - Receivables from customers	271,661	18,405	253,256	6.78%		241,172	16,276	224,896	6.75%
Stage 1 - Receivables from customers	2,812,941	7,201	2,805,741	0.26%		2,449,222	10,035	2,439,186	0.41%
Total in bonis receivables	**3,084,603**	**25,606**	**3,058,997**	**0.83%**		**2,690,393**	**26,311**	**2,664,082**	**0.98%**
Total receivables from customers	**3,318,222**	**129,564**	**3,188,658**	**3.90%**		**2,957,222**	**144,381**	**2,812,842**	**4.88%**
Stage 1 – Securities	355,146	52	355,094	0.01%		280,448	64	280,384	0.02%
Stage 1 – Active repo transactions	67,756	0	67,756						
Total cash credit exposures	**3,741,124**	**129,616**	**3,611,508**	**3.46%**		**3,237,670**	**144,445**	**3,093,225**	**4.46%**

CREDIT QUALITY INDEXES			
	31/12/2021	**31/12/2020**	**Delta**
% OF NET RECEIVABLES			
% Net non-performing loans on total net receivables	1.94%	2.98%	-1.04%
% Watchlist on total net receivables	2.03%	2.21%	-0.19%
% Net overdue/overdrawn accounts on total net receivables	0.10%	0.09%	0.01%
% Total net impaired receivables on total net receivables	4.07%	5.29%	-1.22%
% OF GROSS RECEIVABLES			
% Gross non-performing loans on total gross receivables	3.97%	5.91%	-1.94%
% Gross watchlist on total gross receivables	2.97%	3.01%	-0.04%
% Gross overdue/overdrawn accounts on total gross receivables	0.10%	0.11%	0.00%
% Total impaired receivables on total gross receivables	7.04%	9.02%	-1.98%
% OF HEDGES			
% Hedges on non-performing loans	52.93%	51.95%	0.98%
% Hedges on other impaired receivables	33.60%	29.66%	3.94%
% Hedges on total impaired receivables	44.50%	44.25%	0.25%
% Hedges on in bonis receivables	0.83%	0.98%	-0.15%
% hedges on in bonis receivables - Stage 2	*6.78%*	*6.75%*	*0.03%*
% hedges on in bonis receivables- Stage 1	*0.26%*	*0.41%*	*-0.15%*

Texas ratio	73.57%	85.16%	-11.59%

Assets line item **70– Equity investments –** includes interest shares for which there is a situation of control, joint control or significant influence. This line item includes equity investments held by the Bank at 31 December 2020 and those acquired following the merger with Invest Banca. Specifically, this refers to the subsidiary Invest Italy SIM S.p.A. – falling within the perimeter of the Gruppo Bancario Cambiano – and the subsidiaries Cabel IP Spa and Gardena Capital LTD, as shown in the table below.

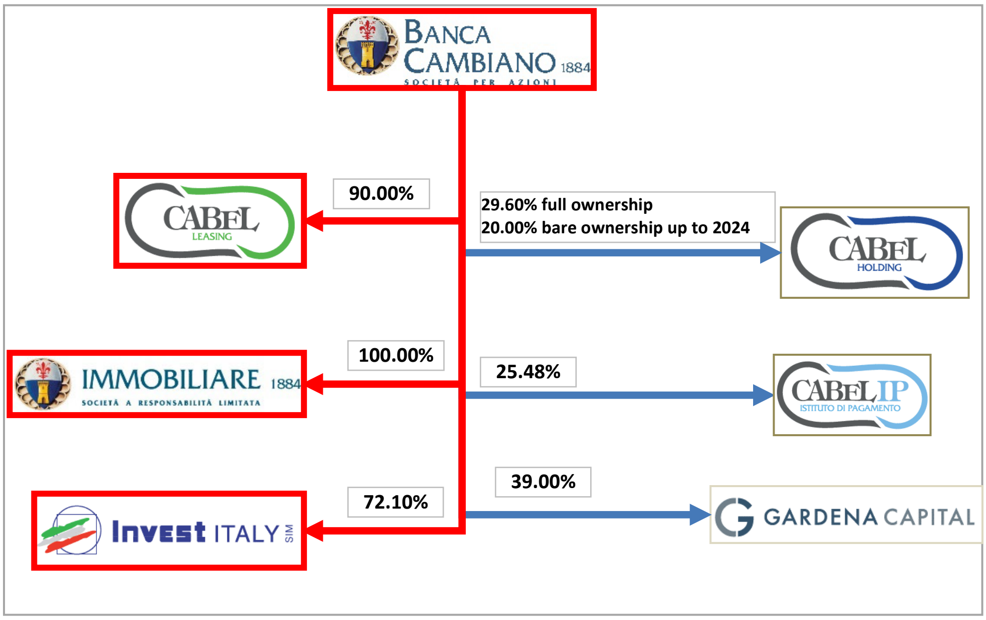
EQUITY INVESTMENTS

data in €/000

Denominations	31/12/2021		31/12/2020		Variations	% Variations
	% s.c. held	Balance sheet value	% s.c. held	Balance sheet value		
1. Cabel Leasing s.p.a.	90.00%	17,694	90.00%	17,694	0	0.00%
2. Immobiliare 1884 s.r.l.	100.00%	13,500	100.00%	10,000	3,500	35.00%
3. Invest Italy SIM S.p.A	72.10%	614			614	
4. Cabel Holding s.p.a. (*)	49.60%	14,503	49.60%	21,961	-7,458	-33.96%
5. Cabel Industry s.p.a. (**)	18.00%	1,591	18.00%	2,032	-441	-21.70%
6. Gardena Capital LTD	39.00%	261			261	
7. Cabel IP s.p.a.	25.48%	45			45	
Totals		**48,209**		**51,688**	**-3,479**	**-6.73%**

(*) During the 3rd quarter of 2019, the "Trust Pro Bono" was established, to which the Bank transferred for the duration of 5 years the usufruct of 20% of the shares held in Cabel Holding S.p.A.
The cost and balance sheet value remain unvaried, while the number of shares (for the purpose of the percent of vote during the shareholders' meeting) dropped from 49.60% to 29.60%.
(**)The participation percent indicated refers to 30/09/2021, date of reference of net equity values used to determine the balance sheet value of the subsidiary. This percent dropped to 11.49% during the fourth quarter of 2021, due to the capital increase to which the Bank did not adhere.

Equity investments (in red the perimeter of Gruppo Bancario Cambiano – updated to Nov.2021)



With reference to the equity investments held by the Bank at 31/12/2020, the variation recorded in 2021 for this line item is due to the subscription of the capital increase of the subsidiary Immobiliare 1884 srl in the amount of 3.5 million euro, and the variation in net equity of the other subsidiaries– in relation to the share held by the Bank –due to both the capitalisation of the profit/loss results for the 2020 reporting period, approved by the respective

Shareholders' meetings, and the results registered at 30 September 2021, approved by the Boards of Directors of the companies.

In particular, with reference, to the subsidiary Cabel Holding, the variation recorded during the reporting period, equal to a sum total of 7.458 million euro, was attributed for 1.282 million euro to a valuation reserve (OCI) and for 6.176 million euro to line item 220 of the income statement "Profit (Loss) on equity investments". The amount allocated to reserves for 1.263 million euro is due to increases in the value of the subsidiary relative to revaluations carried out in the previous years and allocated to the valuation reserve. The decrease in value booked at 30 September 2021 is due to both the full write-off of payment on capital account, equal to 7 million euro, made by Cabel Holding in favour of Invest Banca executed on the basis of the last evaluations of the latter, and to the losses registered by the company during the period of reference.

The shareholding in Cabel Industry Spa dropped from 18% in December 2020 to 11.49% in December 2021, following the capital increase of € 1,700,000 fully underwritten by the Parent Company Cabel Holding SpA.

The equity investments acquired subsequent to the merger with Invest Banca, in application of the IFRS3 accounting principle, were booked at the respective fair value.

Overall deposits

The table below shows the detail of overall deposits at 31 December 2021, as compared to the data at 31 December 2020.

OVERALL DEPOSITS				
data in €/000				
Description	**31/12/2021**	**31/12/2020**	**Variation**	**% Variation**
Payables to customers	3,254,884	2,700,316	554,567	20.54%
Outstanding securities	141,462	146,638	-5,177	-3.53%
Total overall direct deposits	**3,396,345**	**2,846,955**	**549,391**	**19.30%**
Of which overall direct deposits with institution counterparties (e.g. CC&G)	29,508	29,788	-280	-0.94%
Total overall direct deposits with ordinary customers	**3,366,838**	**2,817,167**	**549,671**	**19.51%**
Indirect – Administered	572,525	465,674	106,851	22.95%
Indirect – Funds	90,717	60,941	29,776	48.86%
Indirect – GPM	65,723	24,747	40,976	165.58%
Indirect – Insurance sector	541,105	496,666	44,439	8.95%
Indirect deposits	**1,270,070**	**1,048,028**	**222,042**	**21.19%**
Total overall deposits	**4,636,908**	**3,865,195**	**771,713**	**19.97%**

Types of transactions/values	**31/12/2021**	**31/12/2020**	**Variation**	**% Variation**
1. Current accounts	2,823,346	2,319,695	503,652	21.71%
2. Deposits	46,868	47,620	-752	-1.58%
3. Time deposit	287,400	303,214	-15,813	-5.22%
4. Liabilities referred to transferred assets	0	0	0	0.00%
5. Repo with ordinary customers	67,762	0	67,762	0.00%
6. Deposit certificates	89	119	-30	-25.20%
7. Securities	141,372	146,519	-5,146	-3.51%
Total overall ordinary deposits	**3,366,838**	**2,817,167**	**549,671**	**19.51%**
8. Repo with Clearinghouse and Guaranty Fund	13,002	13,004	-2	-0.02%

9. Funding from Deposits and Loan Fund	16,506	16,784	-278	-1.66%
Total other overall direct deposits	**29,508**	**29,788**	**-280**	**-0.94%**
Total (book value)	**3,396,345**	**2,846,955**	**549,391**	**19.30%**

Total overall deposits (direct, administered and insurance) at 31 December 2021 was 4,637 million euro, increased as compared to ha same datum at 31 December 2020, with an increase of 772 million euro (+ 19.97%).

In detail, **Liabilities** line item **10 b) Payable to customers** grew by 555 million euro (+20.54%) due to the increase in current accounts (+21.71%) while Liabilities line item 10 c) Outstanding securities remains essentially stable.

Liabilities line item **10 a) Payable to banks** at 31 December 2021 was 1,152 million euro, with an increase for the reporting period of 293 million (+34.05%). In particular, there was an increase of 280 million euro (+35.59%) in liabilities to central banks, due to the increase in TLTROIII deposits, while demand liabilities with banks remained essentially stable.

PAYABLES TO BANKS				
data in €/000				
Description	**31/12/2021**	**31/12/2020**	**Variation**	**% Variation**
Payables to banks	1,152,421	859,669	292,753	34.05%

Type of transactions/values	**31/12/2021**	**31/12/2020**	**Variation**	**% Variation**
1. Current accounts	65,902	68,334	-2,432	-3.56%
2. Deposits	15,003	0	15,003	0.00%
3. Transaction with Eurosystem	1,066,717	786,725	279,992	35.59%
4. Gold financing from banks	4,799	4,610	189	4.11%
5. Outstanding mortgage loans	0	0	0	0.00%
Total payables to banks	**1,152,421**	**859,669**	**292,753**	**34.05%**

Book shareholders' equity

At 31 December 2021, net book shareholders' equity was € 217.2 mln, higher than the datum referred to 31 December 2020 which was equal to € 198.4 mln, as illustrated in the table below. The increase is due to both the profits for the period, and to the issue of new permanent debenture loans for € 17 mln., classified in the line item "Capital instruments". Said line item decreased, during the period in review, due to the allocation to reserve of the loss due to cancellation of the Invest Banca shares present in the portfolio, as well as to the full write-off of payment in capital account, equal to 1.5 million euro, made by the Bank in favour of Invest Banca, as per resolution of the Shareholders' meeting.

BREAKDOWN OF STATUTORY EQUITY			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Capital	232,800	232,800	0.00%
Premiums on the issue of new shares	803	803	0.00%
Capital instruments	27,000	10,000	170.00%
Reserves	-50,311	-53,795	-6.48%
(Own shares)	0	0	0.00%
Valuation reserves	-1,161	584	-298.79%
Profit (loss) for the year	8,100	8,100	0.00%
Total shareholders' statutory equity	**217,232**	**198,492**	**9.44%**

Income trend

The balances as referred to at 31 December 2021 closed with a **net profit of € 8.1 million**.

The principle economic aggregates at 31 December 2021 are provided following, compared to the 2020 data.

Line item **30 Interest income** amounts to 65.6 million euro, increase by 6.34% as compared to 31 December 2020; the components referred to brokerage with customers showed an increase of 2.93% as compared to the same period in 2020; the contribution of interest income from TLTRO transactions (8.898 million, compared to 3.497 in 31 December 2020) is significant; the amount referred to financial assets dropped considerably, as they were affected by the structure of interest rates, that reached a historical low, and by the cost of securities, to be calculated in own means.

The above being said, the table below shows the breakdown of interest income.

	INTEREST INCOME			
	data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
TOTAL	Earned interest and similar income	77,849	74,463	4.55%
	Interest expenses and similar expenses	12,286	12,809	-4.08%
	Overall interest income	**65,563**	**61,654**	**6.34%**
With CUSTOMERS	Earned interest and similar income	67,108	66,165	1.43%
	Interest expenses and similar expenses	5,752	6,556	-12.26%
	Interest income with customers	**61,357**	**59,609**	**2.93%**
With BANKS	Earned interest and similar income	51	173	-70.67%
	Interest expenses and similar expenses	717	771	-7.02%
	Interest income with the banking system	**-666**	**-598**	**11.40%**
On SECURITIES	Earned interest and similar income	1,790	3,468	-48.39%
	Interest expenses and similar expenses	4,664	4,800	-2.84%
	Interest income on Securities	**-2,874**	**-1,332**	**115.73%**
OTHER	Earned interest and similar income	8,900	4,657	91.09%
	Of which: interest on TLTRO III	*8,898*	*3,947*	*125.47%*
	Interest expenses and similar expenses	1,154	683	69.02%
	Residual interest income	**7,746**	**3,974**	**94.89%**

Line item 60 Commission income amounts to 28.7 million euro, increased by 6.00% as compared to 31 December 2020. In particular, there was an increase in commissions on financial services (management, brokerage and consulting, and distribution of third party services) of 56.04%, and an increase in commissions relative to the distribution of third party services 18.46%. Instead, commissions relative to traditional services (commissions for collection and payment services and commissions on current accounts) decreased, as these items are still feeling the effects of the reduction in operations due to the Covid-19 pandemic.

	COMMISSION INCOME			
	data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
TOTAL	Commission income	31,550	29,826	5.78%
	Commission expenses	-2,836	-2,738	3.59%
	Overall commission income	**28,715**	**27,088**	**6.00%**

From management, brokerage and consulting services	Commission income	2,945	1,905	54.63%
	Commission expenses	-659	-439	49.93%
	Commission income	**2,287**	**1,465**	**56.04%**

From distribution of third party services	Commission income	4,362	3,682	18.46%
	Commission income	**4,362**	**3,682**	**18.46%**

From collection and payment services	Commission income	5,762	6,492	-11.24%
	Commission expenses	-1,686	-1,594	5.80%
	Commission income	**4,076**	**4,898**	**-16.78%**

From other services	Commission income	18,481	17,747	4.14%
	Commission expenses	-491	-704	-30.32%
	Commission income	**17,990**	**17,042**	**5.56%**

Operating income at 31 December 2021 was 102.5 million euro, with an increase of 1,637 million, equal to 1.61%, with respect to the previous fiscal year.

As shown in the table below, the increase in operating income was affected positively by the increase in interest income, already detailed. The performance of securities management was very good, as shown by both the increase of line item 80. "Net result from trading", which was 3.8 million euro, and from the amount booked in line item 100 "Profit (loss) from the sale or purchase of financial assets, which at 31 December was a sum total of 3.2 million euro. Said amount, lower than the previous fiscal year, was affected positively by the generation of profits, in the 1st semester of 2021, deriving from securities allocated in the HTC portfolio for a total of 4.149 million euro, and securities allocated to the HTCS portfolio for a total of 1.5 million euro. This increase was counter-balanced by the losses incurred following the disposal, during the fiscal period, of NPL receivables, for a total of 42 million euro gross, with an overall loss of -3.414 million euro.

OPERATING INCOME			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Overall interest income	**65,563**	**61,654**	**6.34%**
Overall commission income	**28,715**	**27,088**	**6.00%**
Dividends and similar income	1,502	1,194	25.80%
Net trading result	3,803	2,037	86.68%
Net hedging result	-8	-59	-86.63%
Gains (losses) from the disposal or repurchase of:	3,231	8,974	-64.00%
a) financial assets measured at amortised cost	734	8,567	-91.43%
b) financial assets measured at fair value with impact on total profits	2,472	330	649.93%
c) financial liabilities	25	78	-67.98%
Net income of other financial assets and liabilities measured at fair value with recognition of income through profit and loss	-289	0	
a) financial assets and liabilities measured at fair value	0	0	
b) other financial assets obligatorily measured at fair value	-289	0	
Operating income	**102,516**	**100,889**	**1.61%**

Net income from financial assets increased as compared to the data at 31 December 2020, and was equal to 84 million euro, with an increase of 12 mln euro, despite the fact that impairment losses and allocations during the fiscal year were significant, albeit lower than the previous fiscal year. Said decrease is attributable to the fact that the amount of receivables subject to aid measures, on which specific write-offs were recognised both at 31 December 2020 and at 31 December 2021, dropped significantly during the period of reference, going from 534 million euro at 31 December 2020 to about 1.5 million at 31 December 2021.

NET INCOME FROM FINANCIAL ASSETS			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Operating income	**102,516**	**100,889**	**1.61%**
Net adjustments/write-backs due to risk related to:	-18,356	-28,856	-36.39%
a) financial assets measured at amortised cost	-18,338	-28,965	-36.69%
b) financial assets measured at fair value with impact on total profits	-17	108	-115.78%
Profit/loss due to contract modifications without derecognition	-71	47	-252.01%
Net income from financial assets	**84,089**	**72,079**	**16.66%**

As regards **operating costs**, these increased in comparison with the datum booked at 31 December 2020, and were equal to 4,824 thousand euro (+7.62%) due to both the increase of personnel expenses, for about 2.2 million euro, and the increase of other administrative expenses for about € 5.6 million. The increase in other administrative expenses is in large part due to charges connected to the merger process with Invest Banca SpA, for 3.4 million euro, and to the increase in contributions to Interbank Funds for 0.964 million euro, as detailed in the tables below.

OPERATING COSTS			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Administrative costs:	68,893	61,034	12.88%
a) personnel costs	29,700	27,469	8.12%
b) other administrative costs	39,193	33,565	16.77%
Of which: charges connected to the merger	*3,429*		
Of which: contributions to interbank funds	*5,504*	*4,540*	21.24%
Net allocations to risk and expense funds	75	465	-83.86%
Net adjustments/write-backs to property, plants and equipment	5,574	5,537	0.66%
Net adjustments/write-backs to intangible assets	927	609	52.30%
Other operating costs/income	-7,314	-4,313	69.57%
Operating costs	**68,155**	**63,331**	**7.62%**
b) other administrative costs: net value	*30,260*	*29,025*	*4.26%*

TABLE OF COSTS FOR CONTRIBUTIONS TO INTERBANK FUNDS					
DESCRIPTION	**SPECIFICATION**	**31/12/2021**	**31/12/2020**	**Value variation**	**% Variation**
Contribution to National Resolution Fund	Ordinary	1,757	1,542	215	13.94%
Contribution to National Resolution Fund	Additional	572	487	85	17.49%
Contribution to National Resolution Fund	**Total**	**2,329**	**2,029**	**300**	**14.79%**
Contribution to FITD Fund	**Total**	3,175	2,511	664	**26.46%**
Operating costs		**5,504**	**4,540**	**964**	**21.24%**

Charged connected to the merger	31/12/2021
Charges for DTA conversion to tax receivables	1,668
Cabel charges and various other charges connected to Invest Banca migration	1,000
Costs for consultancy services	761
TOTAL	**3,429**

The period saw an increase of line item 200. "Other operating income" for 3.001 million euro, due to both an increase in the recovery of expenses and to the badwill recorded in relation to the merger with Invest Banca, equal to € 2.3 million euro, which is illustrated in the tables below.

OTHER OPERATING INCOME/COSTS				
DESCRIPTION	**31/12/2021**	**31/12/2020**	**Value variation**	**% Variation**
1. Recovery of expenses	4,567	4,045	522	12.91%
2. Contingent assets and non-existent assets	160	101	59	58.62%
3. Other income	3,063	1,012	2,051	202.69%
of which: Badwill	*2,253*			
Total other operating income	**7,790**	**5,157**	**2,632**	**51.04%**
1. Contingent liabilities and non-existent liabilities	-259	-642	383	-59.61%
2. Interventions in favour of guaranty funds	0	0	0	0%
3. Amortisation on third party assets	-216	-202	-15	7.26%
Total other operating expenses	**-476**	**-844**	**368**	**-43.62%**
Other operating income/expenses	**7,314**	**4,313**	**3,001**	**69.57%**

Badwill allocated to other operating income	2,253
1. Income from conversion of DTA into tax receivables	6,673
2. Loss on payment for capital increase for Invest Banca made in the months of July and September 2021 (11,000,000.00 – 7,991,828.88)	-3,538
3. Adjustment to Fair value (IFRS3) for acquired asset and liability elements:	-882
a) Adjustment of value of buildings	622
b) Adjustment of value of equity investments	0
c) Adjustment of value of risk and expenses funds	-1,504

Among the other income components at 31 December 2021, particular attention is called to line item 220 "Profit (loss) on equity investments, which registers a loss of 6.631 million euro, due to the reduction in the value of equity investments entered in the assets. Full details regarding this loss have already been provided in the comment to the line item "Equity investments".

Schedule of reconciliation between the profit resulting in the income statement at 31 December 2021 and the result of the same period that is eligible for calculation of regulatory own funds.

Below is the hypothesis for destination of the fiscal year profits, and the schedule of reconciliation between the profit for the year and the profit that, in the above-mentioned hypothesis, would contribute to the calculation of Own Funds.

PROPOSAL FOR THE ALLOCATION OF FISCAL YEAR PROFIT AT 31/12/2021	
data in €/000	**Amount**
NET PROFIT TO BE ALLOCATED	**8,100**
Proposal of the Board of Directors	
To Legal Reserve (5.00% of profits)	**405**

To Extraordinary Reserve	**6,595**
To shareholders in account of dividends	**1,100**
Total	**8,100**

RECONCILIATION BETWEEN FISCAL YEAR'S PROFIT AND PROFIT ELIGIBLE FOR CALCULATION IN OWN FUNDS	
data in €/000	**AMOUNT**
FISCAL YEAR'S PROFITS	**8,100**
SHARE OF FISCAL YEAR'S PROFIT NON INCLUDED IN CET1	**1,100**
PROFIT/LOSS FOR THE YEAR TO BE CALCULATED IN OWN FUNDS	**7,000**

Capital adequacy and regulatory ratios

One of the main points of the Bank's strategy is the careful management of the capital components, both in terms of their consistency and other their dynamics. The evolution of company capital is crucial to accompany a responsible increase in size and represents the principle and decisive point of reference in the definition of plans for development. In this sense, starting in 2019, the Bank has formalised and adopted a Capital Management plan to cohesively govern and constantly verify current and prospected capital adequacy levels. The Plan was updated in the last meeting of the Board of Directors held on February 2022. Capital adequacy management activities generate planned reports to company upper management, and are subject to systematic monitoring by the Risk Management function, as total own funds are a decisive reference for prudential supervisory dispositions.

The table below illustrates the final situation of Own Funds at 31 December 2021 (that includes profits eligible for calculation at 31/12/2021), as compared to the situation at 31 December 2020:

OWN FUNDS AND CAPITAL ADEQUACY			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Total primary Tier 1 capital (Common Equity Tier 1 - CET1)	225,294	231,411	-2.64%
Total additional Tier 1 capital (Additional Tier 1 - AT1)	27,000	10,000	170.00%
Total Tier 1 capital (Tier 1 - T1)	**252,294**	**241,411**	4.51%
Total Tier 2 capital (Tier 2 - T2)	**44,474**	**50,940**	-12.69%
Total own funds (T1 + T2)	**296,769**	**292,352**	**1.51%**

PRUDENTIAL SUPERVISORY REQUIREMENTS			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Credit and counterparty risk	141,719	141,076	0.46%
Credit valuation adjustment risk	6	25	-76.00%
Market risk	2,240	3,217	-30.37%
Operating risk	15,096	14,458	4.41%
Total Prudential requirements (8% of risk-weighted assets)	**159,061**	**158,776**	**0.18%**

RISK ACTIVITIES AND VIGILANCE COEFFICIENTS			
data in €/000	**31/12/2021**	**31/12/2020**	**% Variation**
Risk-weighted activities (RWA)	1,988,266	1,984,701	0.18%
Primary Tier 1 capital/ Risk-weighted activities (CET1 ratio)	11.33%	11.67%	-0.34%
Tier 1 capital / Risk-weighted activities (Tier1 ratio)	12.69%	12.18%	0.51%
Own funds / Risk-weighted activities (Total capital ratio)	14.93%	14.75%	0.18%

Own funds at 31 December 2021 amounted to € 296.7 million, with an increase as compared to the previous fiscal year, due to the combined effect of the following factors:

- The positive net result for the period;

- The diminished inclusion of tranches of subordinate loan, the overall amount of 61.7 million (comprehensive of the loan issued by ex Invest Banca) is in fact eligible for calculation in own funds for € 44.474 million;
- The increase from 30% to 50% of the reserves from FTA component for the year 2021;
- The issue, during 2021, of permanent debenture bonds included in AT1 for 17 million euro (an additional€ 3 million were issued in March 2022).

The detail of debenture loans included, even only partially, in own funds is provided in the table below.

Schedule of subordinate bonds

BOND	DESCRIPTION	ISIN	EXPIRY DATE	AVERAGE RATE	AMOUNT
489001	CAMBIANO SUB 4.50% 20/12/19-24	IT0005396426	20/12/2024	4.50000	3,000,000
480001	CAMBIANO 18-25 4% SUB	IT0005337719	28/06/2025	4.00000	45,000,000
483001	CAMBIANO 19-29 4% SUB	IT0005371270	10/06/2029	4.00000	5,000,000
484001	CAMBIANO 19-29 SU SUB	IT0005376287	20/06/2029	4.50000	1,000,000
485001	CAMBIANO 19-29 4% SUB	IT0005385668	25/09/2029	4.00000	2,000,000
488001	CAMBIANO SU 05/12/19-29 SUB	IT0005391518	05/12/2029	4.50000	1,000,000
52048	BOND IB 2024 SUB	IT0005253148	01/06/2024	2.50000	4,700,000
	TOTAL				**61,700,000**

Schedule of permanent AT1 bonds

BOND	DESCRIPTION	ISIN	DATE OF ISSUE	RATE	AMOUNT
490001	BCA CAMB 20-PERP TV SUB /PRO	IT0005427023	23/11/2020	5.00000	1,500,000
492001	CAMBIANO PERPETUA AT1 492	IT0005429375	15/12/2020	5.00000	3,500,000
494001	CAMBIANO PERPETUA AT1 494	IT0005429755	21/12/2020	4.75000	1,000,000
496001	CAMB PERPETUA AT1 496	IT0005431777	21/12/2020	5.00000	500,000
497001	CAMBIANO PERPETUA AT1 497	IT0005432130	28/12/2020	5.00000	3,500,000
498001	CAMB PERPETUA AT1 498	IT0005439846	30/03/2021	5.00000	5,000,000
499001	CAMBIANO PERPETUA AT1 499	IT0005454076	11/08/2021	5.00000	5,000,000
500001	CAMB PERPETUA AT1 500	IT0005475055	28/12/2021	5.00000	7,000,000
	TOTAL				**27,000.000**

Finally, please note that on 28 January 2020 the Gruppo Bancario Cambiano received notice of the "decision" regarding the capital requirement to be complied with, pursuant to the outcome of the Supervisory Review and Evaluation Process (SREP), starting from the report subsequent to the aforementioned notification (that is, the one referring to 31/03/2020). The overall capital requirement to be complied with is:

- CET 1 ratio equal to 7.70%, composed of an obligatory value of 5.20% (of which 4.50% for minimum regulatory requirements and 0.70% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Tier 1 ratio equal to 9.40%, composed of an obligatory value of 6.90% (of which 6.00% for minimum regulatory requirements and 0.90% minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Total Capital ratio equal to 11.75%, composed of an obligatory value of 9.25% (of which 8.00% for minimum regulatory requirements and 1.25% minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve.

The above capital ratios correspond to the Overall Capital Requirement ("OCR") ratios, as defined in the ABE/GL/2014/13(4) Guidelines: they represent the sum of obligatory values (Total SREP Capital Requirement ratio - TSCR, as defined in the ABE Guidelines) and the combined capital conservation requirement.

If one of the capital ratios drops below the OCR ratio, while remaining above the obligatory value (TSCR ratio), the Gruppo Bancario Cambiano will have to undertake the capital conservation measures provided for by current regulations.

If one of the ratios drops below the obligatory value, the same Gruppo Bancario Cambiano will have to implement measures to immediately raise the ratio to values higher than the obligatory value.

To ensure compliance with the obligatory values even in the event of worsening of the economic and financial context, Bank of Italy has also defined the following capital levels, which Gruppo Bancario Cambiano is required to maintain over time:

- CET 1 ratio: 8.20%, composed of a CET1 OCR CET1 ratio equal to 7.70% and a Target Component (Pillar 2 Guidance, P2G), due to a greater risk exposure in stress conditions, equal to 0.50%;
- Tier 1 ratio: 9.90%, composed of a T1 OCR ratio equal to 9.40% and a Target Component, due to a greater risk exposure in stress conditions, equal to 0.50%;
- Total Capital ratio: 12.25%, composed of a TC OCR ratio equal to 11.75% and a Target Component, due to a greater risk exposure in stress conditions, equal to 0.50%.

These latter capital levels represent an expectation of the Supervisory authority regarding the holding of additional resources by Gruppo Bancario Cambiano.

The above being said, during the next fiscal years, Cambiano intends to strengthen own funds so as to stabilise capital adequacy ratios, over a five year period.

Operating structure

Human resources

Similarly to other company departments, human resources also registered an increase in numbers due to the entry at end of November of personnel from Invest Banca. These are n. 36 resources that have been assigned prevalently to the operational structures of the financial management area and in part to head office functions.

Human resource management is a key aspect for the Bank, in order to maintain and grow the competitive advantage that, alongside operational efficiency, is focused on customer relations. Although technologies and the type of services and products may be similar and widespread among financial operators, the customer relations culture and our traditional capacity to manage relations are not, and these factors represent, increasingly, an element of perceived value for customers. The main investment initiatives regarding human resources are aimed at motivation, training, communication, propensity for change, flexibility and productivity. A systematic interaction with organisational structures is fundamental, to guaranty the enhancement and qualification of personnel with respect to the tasks and roles on the one hand, and to direct the corporate culture towards the Bank's strategies and objectives on the other.

Breakdown of personnel

BREAKDOWN OF PERSONNEL	31/12/2021 Percent breakdown	31/12/2021	31/12/2020 Percent breakdown	31/12/2020	2021/2020 variation
BREAKDOWN BY QUALIFICATION					
Upper management	0.93%	**4**	0.77%	3	1
Middle management	25.41%	**109**	21.94%	86	23
Professional areas	72.73%	**312**	75.00%	294	18
Apprenticeships	0.93%	**4**	2.30%	9	-5
Total		**429**		**392**	**37**
BREAKDOWN BY GENDER					
Women	37.76%	**162**	36.22%	142	20
Men	62.24%	**267**	63.78%	250	17
Total		**429**		**392**	**37**
BREAKDOWN BY LEVEL OF EDUCATION					

BREAKDOWN OF PERSONNEL	31/12/2021 Percent breakdown	31/12/2021	31/12/2020 Percent breakdown	31/12/2020	2021/2020 variation
University Degree	47.09%	**202**	46.17%	181	21
Secondary school Diploma	51.05%	**219**	51.53%	202	17
Other	1.86%	**8**	2.30%	9	-1
Total		**429**		**392**	**37**
BREAKDOWN BY AGE BRACKET					
Up to 25 years	2.56%	**11**	3.57%	14	-3
26 - 35 years	27.04%	**116**	29.59%	116	0
36 - 45 years	27.27%	**117**	25.77%	101	16
46 - 55 years	30.30%	**130**	27.81%	109	21
56 - 60 years	8.86%	**38**	8.67%	34	4
Over 60 years	3.96%	**17**	4.59%	18	-1
Total		**429**		**392**	**37**
BREAKDOWN BY LENGTH OF SERVICE					
Up to 3 years	14.45%	**62**	18.62%	73	-11
4 - 8 years	21.21%	**91**	15.56%	61	30
9 - 15 years	27.27%	**117**	31.89%	125	-8
16 - 25 years	22.61%	**97**	22.45%	88	9
26 - 30 years	8.16%	**35**	6.38%	25	10
over 30 years	6.29%	**27**	5.10%	20	7
Total		**429**		**392**	**37**
FUNCTIONAL DISTRIBUTION					
Central offices	38.46%	**165**	34.95%	137	28
Network	61.54%	**264**	65.05%	255	9
Total		**429**		**392**	**37**

The challenges launched by the market, the level of complexity and the professional skills required in the workplace and the continuing evolution thereof, confirm the key centrality of human resources. Constant training represents one of the founding elements, non to be separated from a strict verification of the actual capacity to translate teachings into practical actions, of primary importance to assess and give the just value to individual skills and the capacity to embrace and own the corporate culture and the strategic objectives.

During 2021, in consideration of the pandemic situation, and given the need to limit the spread of the Covid-19 virus, alternative training methods were implemented. The "physical" classroom was replaced with a virtual classroom, through video-conferencing or multi-mead /FAD tools, accessible through special e-learning platforms.

During the year in review, in relation to the continuing Covid-19 pandemic, the measures adopted by the bank, since the beginning of the health emergency, to safeguard employees and guaranty business continuity, remained active. For all of 2021, remote working continued to be used for all workers, where necessary. In order to allow working in full safety, all personnel were provided with personal protection equipment (masks) and safety equipment (disinfectant gel for personal use and disinfectant products for surfaces). In order to guaranty operational safety, Plexiglas safety shields were installed both in the front office work stations and areas where there was direct contact with customers, and in the internal offices to separate individual work stations. In full compliance with regulations and the highest safety standards for workers and customers, the bank always ensured service continuity, including physical presence, without having to operate massive closures, and guarantying access to essential banking services, especially to subjects less likely to use digital methods, in compliance with current regulations in force. Nevertheless, customer awareness was constantly directed to the possibility of using the various on-line services offered by the bank, both for instruction actions and for consultancy and assistance.

Organisational model

Starting at the end of November, the Bank's organisational model went through an important adjustment stage, due to the perfecting of the merger by incorporation of Invest Banca S.p.A.

Specifically, with the purchase of the specific business of the merged company, the organisational model was adapted with the creation of a new, specific "Finance Management" area – as an independent structure with respect to Sales Management – with all the necessary articulation for a more efficacious management of the division in the new operational dimension. The area is subdivided into the following operational units:

- "Management of proprietary portfolio – Trading", the unit that develops proprietary trading activities through the management of portfolios with different profiles in terms of risk/return, brokerage activities on the banking book (i.e. proprietary assets portfolio) and intraday trading activities with private and institutional counterparties;
- "Treasury management", the unit in charge of managing treasury flows, to optimise the risk-return ratio;
- "Personal assets/property management", unit responsible for personal assets/property management services, the area advisory services, the third-party Sicav allocation service, and the consultancy service;
- "Securities/finance back office", carries out securities custody and administration services, alongside banking activities such as clearing, collection and payment, back office;
- "Foreign office" the unit that manages lending in foreign currencies and proprietary securities in foreign currency held for treasury and trading purposes, following the exchanges market and the investment possibilities offered by the market;
- "Markets/Brokerage management", structure dedicated to trading and collecting of customer orders, through multiple channels: routing, telephone, paper, MiTO and the "Prisma" platform.

To supervise and monitor the complexity of the new Finance Area, new committees were created, within the General Management Committee, such as the Finance and Treasury Committee, the Market Abuse Committee, and the Assets Management and Advisory Committee.

The "Sales Management" area (ex "Business Area") was reorganised, increasing the sales network by also activating two new distribution channels acquired by Invest Banca, that is, PrivateBanking, based in the Florence branch (ex Invest Banca) and the network of Financial Consultants qualified for out-of-office sales. The product marketing, development and distribution area was also given a new functional set-up, adapting it to a necessary greater and more organic activity aimed at driving sales and providing assistance to the territorial network.

At the beginning of 2022, the specifics of the "Credit Department" area were redefined, aimed at pursuing a more responsive managerial breakdown in terms of absorption of apex resources for a tighter and more incisive action in Early Management, UTP, NPL, with the aim of achieving a lesser incidence of the area on company parameters. From another point of view, the reorganisation is also aimed at increasing the efficiency of the credit process, in light of both the growing volumes that are generated, and the inclusion of the subsidiary Cabel Leasing, both for necessary interventions from innovative strategies and to quickly implement at a functional level the regulatory evolutions for the area in question.

Research, development and innovation activities

At an operational and management level, Banca Cambiano fully outsources the information technology system to Cabel Industry, which allows managing all the products and customer services within the perimeter of the bank's business.

With respect to the incorporation of Invest Banca, the merger represents a first step for the application of the Oracle Flexcube modules already in used by the incorporated company. At a subsequent time, the activation of the modules and front end on the Oracle Flexcube system will be planned, with an incremental approach, in order to guaranty an appropriate configuration, testing and training stage regarding the new processes and/or applications.

In 2021, the Bank reconfirmed its commitment to investing in Information Technology, to meet customer needs and to offer increasingly avant-garde technological solutions, aimed at improving customer online experience and the degree of customer satisfaction. Among such projects, the main ones are:

- **Banca web**. This project regards the gradual activation of functions that will allow:
    - Autonomous updating by customers through the MITO internet banking platform, of their personal data recorded in the Bank's information system, such as, for example, personal information, KYC and MIFID questionnaires;
    - Opening of the new customer online on boarding channel, completely digital, through the functions of the Banca Cloud application;

  - The sale of products and services to existing customers, through a showcase of products accessible online through the MITO online banking platform.

This project, launched in 2021, will begin during the first semester of 2022.

- **Development of sales platforms** to support customer assistance and sales processes. Specifically, the web/digital designs were planned so as to support:
  - Specific distribution channels and business segments, for example, investment services through out-of-office offers (BRIO Promotori);
  - accelerate dematerialisation or digitalisation operational processes in branches or «by remote» (remote signature project);
  - enable consultancy processes, both basic (Brio Consulenza) and advanced (FIDA).
- **Next Generation Payments (NPG) Platform:** implementation of a central system to manage routing of payments, integrated with the modules for core banking and the new platform (Web Office) for the creation, management and control of payments and collections from tellers.
- **SCT Inst;** realisation of the new Sepa Instant Credit Transfer payment product, that allows transferring money funds, in less than 10 seconds, between accounts in the entire Sepa Accessibile area through the Mito, Mito&c and Web Office channels.
- **Inclusion in the Bank's product catalogue of the "Prisma" professional online trading platform:** this platform, purchased through the merger with Invest Banca, is an instrument that is in line with the highest market standards, and allows operating in real time on Italian Stock markets and on the principle European markets.

The investments made were important, as are those planned in the future, for compliance with respect to **regulatory innovations** that are continuously being issued. Among such regulations, merely by way of example, are:

- **IV Anti-money laundering directive:** the completion of procedural requirements regarding adequate customer verification and checks;
- **NPL stage 2 – Calendar Provisioning**. This project regards adaptations to transpose the new European regulations regarding the definition of minimum hedging levels, pre-fixed and increasing in time, for impaired receivables. The Calendar Provisioning also requires banks to review NPE management strategies and methods vis-à-vis pre-defined allocation on new flows;
- **Loan Origination and Monitoring (LOM).** The EBA has issued the *Guidelines on Loan Origination and Monitoring* in response to the action plan of the European Council to deal with the high level of non performing loans. The objective is to guaranty that organisms have prudential standards for granting new loans, to keep newly granted performing loans from becoming non-performing in the future, and to contribute to the overall financial stability of the banking sector;
- **Sustainable Finance Disclosure Regulation (SFDR).** The European Union has initiated an ambitious legislative program to make environmental, social and governance criteria a central element in the regulation of financial services at a continental level. One of the pillars of this initiative is the regulation regarding information on the sustainability of financial services, Sustainable Finance Disclosure Regulation o SFDR;
- **New AgID guidelines.** In conformity with the Code of Digital Administration, the guidelines regarding the creation, management and conservation of AgID IT documents regulate the nucleus of digital transformation. The purpose of the variations is to reform and standardise the following processes, increasing the safety protocols, Glossary of terms and acronyms, File format and inputting, Process certification, Standards and technical specifications, Metadata.

Finally, the Bank's investment in the **ICT security** project is of great importance, as it is aimed at ensuring high levels of service reliability and security, providing the utmost guaranty for the bank and for counterparties. In particular, the Bank approved a plan to **reinforce ICT Security and Anti-Fraud systems**, that entails the realisation of technical and organisational monitoring mechanisms within the scope of the security of the internal network, the management of logical accesses by employees, monitoring anomalous security events, and fraud management. Security Awareness training sessions have also been planned, to promote a greater IT culture among employees.

The Organisational Office, with the support of the CED/IT Office, is in charge of the progress status of the planned initiatives, and monitor the risks connected to outsourced management of the IT system, ensuring that high service levels are maintained, in compliance with the Bank's requirements.

Activities carried out with the participation, also within the offices of the Italian Banking Association, in work seminars such as ABILAB and conferences to study specific technical and organisational issues have also been intense.

Risk management and control

The Board of Directors is charged with verifying the functionality, reliability, adequacy and completeness of the system of internal controls. To fulfil this important role, the Board of Directors, aided by the Risk Committee (committee within the board), dictates the rules, methods, limits and types, and frequency of reporting.

The Risk Appetite Framework (RAF) has been approved for some time now, and is constantly updated, and finalised at defining, *ex ante*, the risk level that the Bank considers sustainable and, consequently, the entity of risk that the latter intends to take on, setting operational limits as a consequence thereof.

As provided for by vigilance regulations, the Bank has also drawn up a Recovery Plan, that identifies indicators for every area considered of relevance (capital, liquidity, profitability and quality of assets), in order to allow for the timely activation of every possible remedy intervention, in the event that said limits are exceeded.

Risk management and control require the identification of significant risks of the activity carried out by the Bank, pertaining not only to the typical financial brokerage and credit activities, but also to the correct structuring and implementation of processes, and their compliance with reference regulations.

For each risk, assessment, monitoring, organisational systems, strategies and mitigation techniques are defined. First and Second Pillar risks, as defined in the Basel 3 Convention, are subject to quantification.

For First Pillar risks (credit and counterparty risk, market risk, operational risk), that contribute to the definition of capital requirements, standardised methods are adopted, in compliance with regulations on the matter. For concentration risk, the regulatory approach and the ABI guidelines are adopted. For rate risk, an internal model based on the method of regulatory calculation with the behavioural analysis of the entries is used. For residual risk, associated to the actual capacity of guarantees to mitigate the risk of loss, a process of preventive verification on the admissibility of the guarantees is used, supervised by the Conformity and Risk Management functions. As regards liquidity risk, the short-term net liquidity position, the liquidity gap and the counter-balancing capacity trend are calculated. The Liquidity Coverage Ratio – LCR is calculated, as is the Net Stable Funding Ratio - NSFR.

In compliance with prudential vigilance provisions, the Bank also annually assesses:

- Within the scope of the ICAAP (Internal Capital Adequacy Assessment Process) that the capital planning process, the overall risk exposure and the consequent determination of overall internal capital are in line with the profile and the strategy adopted and that capital is adequate – by amount and composition – to hedge the risks identified in ordinary and stress conditions, both current and future, and in compliance with regulatory requirements and consistent with own funds;
- Within the scope of the ILAAP (Internal Liquidity Adequacy Assessment Process), that the liquidity risk governance and management system and the planning of levels of liquidity reserves and of funding sources are adequate and consistent with the system of overall controls and management.

The Bank has also drawn up the Information Statement, making it available to the public, pursuant to EU Regulation n. 575/2013, regarding capital adequacy, risk exposure and the general characteristics of the relative systems in place to identify, measure and manage risks.

The Bank is now classified as a class 2 intermediary for the purposes of ICAAP.

Part E of the Explanatory Notes contains all the qualitative and quantitative information regarding risks and hedging policies.

The Internal Controls System

The Internal Controls System (ICS) is structured on three control levels, as provided for by vigilance regulations, and entails:

- First level or line controls, inherent to company processes;
- Second level controls on the entity and trends of risks and on conformity to regulations;
- Third level controls, or internal audits, to verify processes and behaviours *ex post*.

The company second level (Conformity, Risk Management) and third level (Internal Audit) control functions report directly to the Board of Directors.

To ensure greater efficacy of the overall internal controls system, the Bank has, for some time, formalised decision-making processes and appointed responsibilities to the various company functions, through specific regulations are constantly updated; it has ensured the independence and autonomy of company control functions and has activated operational control procedures aimed at minimising the risks associated to fraud or employee infidelity, to prevent and mitigate potential conflicts of interest, and to avoid involvement, even be it unintentional and unaware, in money-laundering of financing of terrorism.

The Bank has also equipped itself with information and organizational systems suited to ensuring the company's business continuity even in case of adverse events.

The Risk Committee

In compliance with vigilance regulations, the Bank's Board of Directors, in order to better execute its duties on the matter of risk monitoring, and implementation and verification of the internal control systems for the Bank and for the Group, has created the Risk Committee. Said Committee, within the Board itself, carries out advisory, and, where necessary, preliminary inspection activities and supports the Board of Directors regarding risks and internal controls.

Particular attention is given to activities that are necessary and instrumental to allow the Board of Directors to a correctly and effectively determine the RAF (Risk Appetite Framework) and the risk management policies.

Vigilance Organism

Pursuant to Legislative Decree 231/01, a Vigilance Organism has been set up, to supervise the administrative responsibility of the company. For the control purposes it has been assigned, the Vigilance Organism has the power to acquire any information or company document, to directly access said documents and to inspect all the structures, functions, branches and operational centres of the Bank.

In executing its functions, the Vigilance Organism acts in a fully independent manner with respect to any Bank structure. It reports exclusively to the Board of Directors regarding the outcome of the activities carried out, transmitting specific reports.

The Conformity Function

The Conformity Function, with its requirements regarding independence, authority and professionalism, that allow it to access all relevant information, oversees, according to an approach based on the risk, the risk of non conformity to all regulations, with respect to the whole of the company's activities. This function verifies that company processes are suited to preventing the violation of hetero-regulatory (laws, regulations, etc.) and self-regulatory (for example, codes of conduct, ethical codes, policies and internal regulations) provisions. Particular attention is given to conflicts of interest and to all regulations that have greater impact on customer relations, such as usury, investment services, claims, etc. This Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that identifies all the principle risks to which the Bank is exposed, and plans the respective audit interventions. The Function is structured based on a centralised organisational model with the identification of "Specialised Overview Unit" regarding taxation, processing of personal data and workplace health and safety.

The Anti-Money Laundering Function

Risk of money laundering and financing of terrorist activities means the possibility that the Bank become involved, even unintentionally, in the re-introduction within the financial system of profits deriving from illegal activities, or in activities aimed at committing one or more crimes with terroristic aims that could engender reputational damage and economic losses. In order to adequately guard against money laundering risks, the Bank has adopted a Policy that defines the strategic guidelines and the governance policies for risks connected to money laundering and the financing of terrorist activities. The principles contained in said policy are outlined in processes and procedures aimed at ensuring conformity with anti-money laundering regulations, which are of relevance also for the purpose of the "Organisational, management and control model, ex Lgs. Decree 231/2001".

The Bank guards against the risk of money laundering and financing terrorist activities through a series of first level controls present in the IT procedures, or executed by each operational unit, through second level controls by the specific Function, and by third level controls by the Internal Audit Function.

The Anti-money laundering Function, responsible for anti-money laundering activities, transmits the statistical aggregated data, the "Objective Communications" regarding the use of cash, and notifications of any suspect operations (SOS) to the Financial Information Unit, and sends notification of violations of regulations, pursuant to art. 49 del Lgs. Decree 231/07, to the MEG. The Anti-money laundering Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that programs the respective control activities.

The Risk Management Function

The activity of the Risk Management Function is aimed at measuring and controlling risks taken by the Bank. It does so by:

- Contributing to the definition of the Bank's profile of acceptable risk (Risk Appetite Framework) and of the Recovery Plan indicators;
- Developing measurement models for the various types of risk (credit, market, operational, reputational, liquidity, interest rate, spread and concentration risk) and verifying, in an ongoing manner, the validity thereof in terms of both methodological rigor and the capacity to interpret risks;
- Verifying that the risk limits provided for by the RAF and the Recovery plan, as well as any additional limits defined by the Board of Directors, are respected.

In particular, the Risk Management Function works to:

- control credit risk, monitor the trend of a wide range of phenomenon and indicators, in order to keep the risk in question under full control;
- control market risk, develop the model to calculate the VaR and the measures for sensitivity to interest rate and spread fluctuations;
- control liquidity risk, elaborate the regulatory indicators for the Liquidity Coverage Ratio and the Net Stable Funding Ratio, with the aim of providing an overview of the Bank's liquidity risk profile;
- monitor operational risk, gather information on operational losses.

The Risk Management function submits an ample report to the Board of Directors and to General Management, describing the evolution of all the monitored risk classes. For greater details on this activity, please refer to Parte E of the Explanatory Notes.

The Internal Audit Function

During the fiscal year, the Internal Audit Function has continued the process initiated for the adaptation/rationalisation of its internal organisation, and of auditing methods and instruments, focalising the activity on an approach aimed at the processes and the risk. In this context, the work of this Function has been based on criteria of greater efficacy, reliability and efficiency of controls on company processes, aimed at allowing for and appropriate risk management and the efficient pursuit of audit objectives.

With this purpose in mind, the Audit Plan approved by the Bank's Board of Directors was implemented, and a wide range of audit activities on various segmented company processes were carried out, consistent with the taxonomy of ABILAB processes, and in governance processes, operations, commercial/marketing and support areas, as well as on specific activities relating to Important Externalised Operational Functions. Primary focus was given to risk monitoring systems, with more in-depth analyses reserved to the credit segments, outsourced activities and, generally speaking, to the methods of application of the principle regulatory provision. Audit activities were no less important, and were aimed at verifying the reliability and functionality of company IT systems, including those to fight “cyber crime”, internal and external ICT processes and operational continuity, as well as verifications of the correct operation of territorial networks.

The support and direct participation of the Internal Audit Function to the work of the Risk Committee, the Board of Statutory Auditors and the Vigilance Organism, of which the Supervisor of the Function is a permanent member, was constant.

Transactions with related parties and intra-group transactions

In accordance with prudential regulations regarding risk activities and conflict of interest vis-à-vis connected subjects, please note that no noteworthy transactions were carried out with related parties, pursuant to pertinent regulations and criteria adopted within the scope of implemented policies, regarding which the Independent Director and/or the Board of Statutory Auditors formulated a negative judgment or made observations. Transactions of an ordinary or recurring nature executed during 2020 with related parties fall within the scope of normal Bank operations and are negotiated at market conditions and always on the basis of reciprocal economic convenience and in compliance with the aforementioned internal procedures. Detailed information regarding transactions with related parties, including information regarding the effect of operations or existing positions with said counterparties on financial and net work and on the year end results, accompanied by the summary tables of said effects, are provided in Part H of the Explanatory Notes.

Other information pursuant to art. 2428 Italian Civil Code

1) Research and development activities are specified in the paragraph “Research, development and innovation activities”;

2) with the parent company Ente Cambiano Scpa there is an overdraft facility of 20 million euro, partially used;

3) the Bank does not hold own shares; the Bank holds a share in the parent company Ente Cambiano Scpa with a nominal value of 306.00 euro; the corresponding capital quota is not specified as it is a co-operative enterprise and therefore with a variable capital;

4) during the fiscal year, no own shares, nor shares of the parent company, were purchased or sold.

Significant events subsequent to the closing of the fiscal year

The new Strategic Plan

In the meeting held on 25 February 2022, the Board of Directors approved the 2022-2024 Strategic Plan of the Gruppo Bancario Cambiano. This Plan was redefined after the merger with Invest Banca. With the resolution issued in July 2021, the Board of Directors had already defined the objective of proceeding with the merger transaction, therefore making it necessary to revise the strategic lines defined in January 2021 during the company business self-evaluation process. The acquisition by Cambiano of ex Invest Banca represented an extraordinary transaction from every point of view, carried out in compliance with Vigilance guidelines when, all other alternatives to allow business continuity having failed, and in order to manage the orderly exit from the market of Invest Banca, with the ceasing of the Extraordinary Administration after a period of 15 months, the line taken was to proceed with the merger as an alternative to winding up the company.

The application for merger, authorised with provision issued on 14/09/2021, outlined the post-merger strategic lines for the 2021-2023 period, and the consequent Capital Plan for the same period. Alongside the authorisation pronouncement, the Vigilance Organism required the Bank to submit a new Business Plan, on completion of the merger by incorporation, revising the one submitted with the authorised merger project. This request, given the methods and timelines for the completion of the transaction that allowed taking stock of the actual situation only as of November 2021, can be met in a reasoned manner only after having progressively acquired direct knowledge of the purchased business lines and the overall functional and organisational set-up of ex Invest Banca.

The main lines for the new Plan are defined by the following fundamental pillars:

- **Consolidation of own funds** to sustain the development of the business based on the need to hedge risks through self-funding, a combination of capital increase / issue of AT1/T2 instruments, as well as allocation policies to optimize the RWA;
- **Increase of profit and resilience levels** of the Bank, to be attractive on the capitals market, intervening on: (i) model of governance and planning for the efficient conduction of the top management coordination activities; (ii) strengthening of interest income; (iii) development of the “services” component with the full internalisation of the business lines of ex Invest Banca; (iv) improvement of the operational efficiency of the network and activation of multi-channel operations;
- **Improvement of the quality of credit** as regards the de-risking policies and the plan for management of NPL to realign the incidence and the hedging levels to banking system data.

In parallel, a business and organisational model consistent with **digitalisation processes** will have to be implemented, with a view to flexibility, also in the wake of comparables.

Within the scope of the Plan, the Bank will strive to achieve:

- A fully phased CET1 Ratio around 9.83% (9.47% consolidated) and fully phased TCR of 13.41% (12.44% consolidated); these indicators are comprehensive of the complete absorption of the FTA and the merger of ex Invest Banca;
- Gross NPL ratio lower than 6.70% (net NPL ratio around 3.70%) and a risk cost lower than 0.7%;
- A strengthening of profitability sufficient to bring the net revenues component to increase by ≈3.9% (CAGR ’21-’24);
- An increase of the “services” component of 6.07% (CAGR ’21-’24);
- Containing operating costs also following the entry of the resources and for the costs connected to the development of the business lines acquired with the merger of ex Invest Banca. The cost income ratio for 2024 is estimated to be ≈67.19%;
- A ROE that starting 2024 is equal to 4.82% and a ROTE at 2024 equal to 4.90%.

Within the scope of revising of the strategic lines for the Plan, the Capital Management Plan was also revised. The estimated capital strengthening now required for the period of the plant is quantified in 38 €/mln. The pursuit of the objectives of the Plan will be subject to continuous verification and, in particular, at every date defined for the purpose of assessing congruity in relation to the lines set out in the Plan or the assumptions therein made:

- Reduction of the incidences of gross non-performing loans (from 7.30% in 2021 to 7.12% in 2024) and net NPL (from 4.55% del 2021 to 4.18% in 2024) consolidated on the whole of receivables (NPL ratio);
- Increase of the level of hedging of consolidated impaired receivables (from 39.91% in 2021 to 43.39% in 2024) and in particular of NPS (from 49.47% in 2021 to 54.66% in 2024) and of Probable Defaults (from 33.77% in 2021 to 38.61% in 2024) ;
- Reduction and stabilisation of the cost of credit at 0.65% and reduction of the impairment rate of lending;
- Revision of the business lines acquired from ex Invest Banca, also in regulatory terms;
- Risk Assessment of operational risks of the acquired business lines;
- Training for the commercial network regarding the Bank management lines;
- Strategic «adjustment/ repositioning» of the acquired business lines;
- In the revision of the strategic lines of the Business Plan, the contribution of Treasury to the profit formation process was reduced, in order to enhance the more stable profit components.
- To reach the objective of making costs more efficient, the Bank has planned an assessment of the structure of the costs/revenue of ex Invest Banca, in order to indentify and implement actions aimed at rationalising costs (i.e. costs for access to markets and platforms) without penalising profitability. In the current update of the Strategic Lines for 2022-2024, a «macro» analysis of the costs that may be rationalised was considered;

- Create value over the medium/long term, strengthening our role as an independent Bank in the territory, as our distinctive trait for all stakeholders: customers (families and SME), shareholders, institutional investors, employees;
- Implement the development model based on logics of company vitality centred on a profit approach, on innovative processes, and on the efficient al location of resources, even in terms of prudential ratios.

Other significant events after the close of the fiscal year

In compliance with current provisions, here below is a brief information summary of the significant events that have occurred subsequent to the close of the fiscal year. In synthesis, the events of greatest importance are:

- In March 2022, the Bank's capital strengthening was further increased, with the issue of an additional 3 million euro of permanent AT1 bonds (series 502), that reached the overall amount of 30 million euro, and an additional 2 million in subordinate T2 bonds (series 501) with a duration of 7 years.

Foreseeable management trend

Forecasts for 2022 are burdened by many uncertainties, and in these last few days we have witnessed the materialisation, among various different hypotheses, of the worst of them: the start of the invasion of the Ukraine, that brings war to the boundaries of the EU, and will have serious human costs, first and foremost, as well as economic ones. The considerations made and the forecasts elaborated and exposed in this report therefore pertain to that which is reasonably foreseeable and plannable in a very different context, even in the activities of the bank. The evolution of the war or the wished-for negotiated settlement of the dispute will mark the turning point of the scenario we will be faced with.

The effects on the economy are only one of the pieces of the puzzle that is slowly being composed. Nevertheless, the role of the economy, this time, will be more important with respect to other wars in the recent past, due to both the greater weight of the economic sanctions against Russia, and the potential repercussions, in the opposite direction, that the crisis will have on western countries, and most of all on European economies.

The economic consequences of the war will certainly depend on how long it lasts, but also on the policies that will be adopted to contrast the effects. It is probable that the sharp rise in oil and gas prices will accentuate the acceleration of inflation, but also that central banks will respond with a more gradual reaction than one may have expected. Furthermore, even the budgetary policies will probably be revised, to be more expansionary, thus attenuating the plans for the recovery of deficits expected this year and the next.

The effects of medium-term politics and policies will be no less important. The war has underscored the limits of a model based on the massive weight of energy sources imported from abroad. European policies, that had already prioritised an energetic transition, must aim to downsize this dependence in a short time, accelerating investments in renewable resources. We will have to attempt to make up for a great deal of lost time.

The conflict between Russia and the Ukraine will have consequences on the global economic forecasts for 2022, especially in European countries, that have closer relations with the area involved in the conflict and, especially, that possess less energy resources and raw materials. The channels through which the crisis and the imposed sanctions will impact the countries in the euro zone, with a veritable boomerang effect, are of four types: the first is trade, the second tied to the rise in energy prices, the third is the impact on financial markets, and finally, the fourth is tied to the consequences of the greater uncertainty regarding spending for families and businesses.

The negative effects on production are therefore not an unfounded hypothesis, also as the sharp rise of inflation would reduce the spending power of consumers, decreasing the overall demand. A scenario of this type, with many countries lacking fiscal ammunition, risks creating a monetary tightening, generating, on the whole, a drop in growth.

The domino effects of the of the Ukraine crisis could, therefore, if the was persists for a long time, initiate a period of stagflation, that is, a combination of recession and inflation that, at the current state of affairs, due to the conditions in place, is only a possible scenario and not yet a forecast, but one that it behoves us to hypothesise, in the event that is should happen, so as to not be found unprepared.

In particular, the company situation, in the light of the repercussions that could derive from the aforementioned events, have lead the bank to the following considerations:

- The Bank has no direct exposures with the countries at war, as regards both receivables and financial investments;
- The analyses carried out on businesses, that have relations with the Bank, and that have direct business relations with the countries at war, have found a non significant incidence on total lending and the counterparties are in any event generally characterised by ample solvency margins
- The accentuated turbulence recorded on financial markets has generated potential losses for hypothetical disposal of securities held in the Bank's proprietary portfolio, which in any case do not impact existing returns.

In light of the above, we do not foresee difficulties due to any specific elements, even as regards the evaluation of risks relating to cyber security, signalling the need to monitor adequate and effective organisational and technical systems, over time, aimed at mitigating said risk.

As regards the difficulties that could derive from the general scenario, the Bank, like the entire banking system, will naturally be affected idiosyncratically by the increased credit risk for businesses and families. This issue is manifest, so much so that the government is taking into consideration issuing specific support and aid measures. Also in terms of profit, repercussions due to an increase in operating costs and less commissions from investment services are a possibility.

Business continuity

In joint Bank of Italy, Consob and Isvap Document n. 2 of 6 February 2009, as well as in subsequent Document n. 4 of 3 March 2010, companies are required to provide information regarding business forecasts in the company financial reports, with particular reference to business continuity financial risks, impairment tests on assets and uncertainties regarding the use of estimations.

In light of the principle economic and financial indicators, the Board of Directors is reasonably certain that the Bank will continue operations in the foreseeable future. The financial statement as at 31 December 31 December 2021 were therefore prepared with business continuity in mind. Please note that the Bank's activity is focalized on implementing the guidelines provided for in the Business Plan and in particular, the operational integration of the business lines deriving from the merger with Invest Banca.

As regards requirements relating to information on financial risks, impairment tests on assets and uncertainties in the use of estimations, please refer to the information provided in the Report of the Board of Directors and in the Explanatory Notes, where the respective aspects are specifically described. Specifically, risks connected to economic and financial market trends are described in the section regarding the macro-economic context. Specific analyses are dedicated to domestic economic and financial trends and prospects. Information regarding financial risks and operating risks are described in the section of the Explanatory Notes dedicated to risk monitoring. Furthermore, the Explanatory Notes provide information regarding the segmentation between various levels of fair value for certain types of financial instruments.

This being said, the situation we have outlined is widespread and we do not believe that consequences for the Bank will be greater than those expected for other credit intermediaries with comparable financial soundness and standing.

Indeed, the cornerstone on which our business has always rested is sound and prudent management, the prerequisite to ensure the solidity of the company's overall technical standing even in stress situations.

This principle, constantly applied, has allowed us to maintain positive profits even throughout this ten year crisis period, albeit reduced with respect to pre-crisis number due to exogenous variables, such as interest rate trends and the already repeatedly mentioned extraordinary contributions in support of banks in difficulty.

For 2022, the priority objective is to lead Gruppo Bancario Cambiano to a new organisational setup and an economic-financial-capital stability, also following the merger with Invest Banca;

i) To preserve company profitability;
ii) To carry out the improvement actions initiated as per the Business Plan;

iii) To further reinforce capitalization levels through a hoped-for capital strengthening and the careful management of risk-weighted assets.

Proposal for allocation of the fiscal year profits

The financial statements were drawn up in compliance with the international IAS/IFRS accounting standards and according to the requirements of Italian Legislative Decree n. 38 of 28 February and Bank of Italy Order n. 262 of 22 December 2005 and subsequent amendments, and was subject to legal audit of accounts for the first time by the company Deloitte & Touche S.p.A., whose report is contained in copy inside the financial statements.

In deciding the al location of fiscal year profits, the Board has taken into account recommendations issued by Bank of Italy on 27 July 2021 that invite less significant Italian banks to maintain a prudent approach in deciding allocation policies and share repurchases, taking into careful consideration the sustainability of their business model, and has unanimously resolved to allocate the majority of profit to reserves, but to also start with the distribution of a measured dividend to shareholders. This proposal is considered consistent with the plan for capital strengthening and does not affect the prescribed capital coefficients, also because the calculation of own funds and consolidated prudential requirements that must be transmitted to Bank of Italy within the scope of prudential vigilance reporting (COREP) and statistical reporting (FINREP) is made with reference to Ente Cambiano Scpa (cod. 20067) which, according to European Capital Requirements Regulation (CRR), is the financial parent company and therefore 93.23% of said dividends are of competence of the Ente itself and will remain in the overall regulatory capital.

Within the scope of the declared objectives of reinforcing the Bank's capital profile, the Board of Directors proposes to allocate the fiscal year profit as follows:

PROPOSAL FOR ALLOCATION OF PROFITS FOR FISCAL YEAR 2021	Amount
NET PROFIT TO BE DISTRIBUTED	**8,100.000**
Proposal of the Board of Directors	
To Legal Reserves (5.00% of profit)	405,000
To Statutory Reserves	6,594,787
To Shareholders as dividends (Euro 0.004726 for each of the n. 232,800,000 ordinary shares)	1,100,213
Total	**8,100,000**

* * *

Esteemed Shareholders,

In conclusion to this Report, we wish to express our sincere thanks to all those who have collaborated in concluding this challenging fiscal year in a positive manner.

Our not purely ceremonial appreciation and warm thanks to general management, managing personnel and all employees, who with true team spirit and with their responsible conduct, particularly valuable and appreciated during the pandemic, have contributed to reaching these important objectives, achieved thanks to commitment, intellectual qualities, rigorous conduct, and human sensitivity, all values that reach beyond a mere formal appearance.

A special thanks is extended to the Central Management of Bank of Italy, for the constant attention during the delicate transaction related to the merger outlined and completed, to the Florence headquarters for the almost daily interlocution and constant availability.

Finally, our thanks to the Board of Statutory Auditors for the professionalism demonstrate, and to the Cabel Group for the constant collaboration provided.

Lastly, a special recognition to Ente Cambiano, our principle shareholder, for the precious social activities that it carried out.

* * *

Albeit in the reigning era of technologies that require fewer physical operational structures and human contacts, there is growing appreciation for banks tied to ethical principles and conduct, capable of listening and of interfacing, suited to making decisions in a short amount of time, innovative, well capitalised, efficient, with low structural costs and with fractioned risks. Value profiles to strive towards, that will mark the basis for the discovery, or the rediscovery, of truth, as soon as the phase of appearance slows down.

Banca Cambiano is autonomous and independent, and has always pursued business management criteria oriented towards a solid and prudent management, with a view towards the continuity of relations over time. Feedback to our actions is constantly brought by our customers, who turn to us in trust.

Hence, our sincere thanks go to our customers, for having privileged us with their trust, loyalty and a degree of attachment that has permitted us to create a banking reality that is increasingly appreciated in the market of reference.

Florence, 21 March 2022

The Board of Directors

Report of the Board of Statutory Auditors

To the Shareholders,

This report acknowledges the results of the activity performed by the Board of Statutory Auditors during the fiscal year ended on 31 December 2021 also with reference to the functions attributed to it by Article 19 of Italian Legislative Decree n. 39/2010.

During the fiscal year in review, the Board of Statutory Auditors performed its supervisory activity as required by the Italian Civil Code, Legislative Decrees n. 385/1993 (consolidated law on banking - "TUB"), n. 58/1998 (unified financial services act - "TUF") and n. 39/2010 (consolidated act on statutory auditing), in statutory regulations, as well as special laws on the subject and pursuant to the provisions set forth by public Authorities in charge of vigilance and control (specifically, Bank of Italy and CONSOB), as well as considering the rules of conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and Accounting Experts.

The financial statements were audited by the company Deloitte & Touche S.p.A. in accordance with articles 2112 and 2558 of the Italian Civil Code and Consob Circular n. 10121 dated 30/06/1988. As regards the statutory audit, pursuant to article 14 of Legislative Decree n. 39 of 27 January 2010, please refer to their report.

As the Board of Statutory Auditors is not tasked with the legal auditing of the accounts, it carried out the supervisory activities required by Regulation 3.8. of the "Regulations for conduct of the Board of Statutory Auditors of non listed companies", which consist in an overall inspection aimed at verifying that the financial statements have been prepared correctly. The verification of the correspondence of the accounting data is the responsibility of the statutory auditing company.

* * *

In accordance with article 2429, sub-section 2 of the Italian Civil Code, specific reference is made to the following aspects.

1. Supervisory activity performed in compliance with obligations

During the 2021 fiscal year, the Board of Statutory Auditors supervised compliance with law and the Articles of Association, as well as compliance with principles of proper administration and sound and prudent management.

The Board, also acting as the "Internal control and auditing committee" in accordance with Article 19 of Legislative Decree no. 39 of 27/01/2010, controlled the adequacy of the financial information process, finding it to be adequate to the business activity and regulatory requirements.

As will be set forth in detail below, we also supervised the effectiveness of the internal control system and internal audit system, capable of addressing the risks that arise in the Bank's activity.

The supervisory and control activity was performed in the different areas noted above, as follows:

1) la participation at meetings of the Board of Directors (n. 26), of the Executive Committee (n. 29) and of only one member of the Board, usually the Chairman of the Risk Committee (n. 7 of the Ordinary Shareholders' Meeting (n.1) and the Extraordinary Shareholders' Meeting (n. 1);
2) meetings with the company entrusted with the statutory audit;
3) controls with the managers of the various corporate departments, in particular with Internal Audit, Risk Management, Compliance, and Anti-money laundering;
4) exchange of information with the Supervisory Authority, in accordance with Legislative Decree 231/2001;
5) meetings with the Boards of Statutory Auditors of the various controlled companies were held, in view of closing of the financial statements.

By participating at the meetings of the Board of Directors and the Executive Committee, the necessary information was acquired, both to evaluate the Bank's trend with regard to its overall capital and economic development, as well as to evaluate its most significant operations. The Board of Statutory Auditors can confirm that, to the extent it is aware, management operations were performed in conformity with law and the Articles of Association, were in the Bank's interests, and did not appear to be manifestly imprudent, irrational or reckless in such a way that would compromise the integrity of the Bank's capital, create a conflict of interest, or conflict with the resolutions approved by the Shareholders' Meeting.

With reference to the information provided in the Report on Management regarding significant events that occurred during the fiscal year, we consider it important to recall:

- the merger with Invest Banca S.p.A. that took place pursuant to deed dated 18 November2021;
- the filing, on 8 June 2021 of Pronouncement n. 149/2021 of the Constitutional Court, relative to the sentence of indirect constitutionality raised by the Court of Cassation – Tax section, as regards the appeal filed by the parent company Ente Cambiano S.c.p.a. against the Revenue Office for the reimbursement of the amount paid (equal to 20% of net equity, that is 54,208,740.00 euro) following the transfer of the banking company during the "way out" operation;
- disposal of a portfolio of Non Performing Loans (NPL) for a gross total of 42 million euro, in compliance with a proactive management strategy of impaired receivables.

Participation at the meetings of the Board of Directors also allowed us to verify that delegated individuals reported on the operations they performed in accordance with the powers attributed to them, the general management trend, and its foreseeable development. The directors also reported any cases of conflict of interest, in accordance with outstanding provisions of the Italian Civil Code in order to allow proper decision-making procedures to be implemented pursuant to Article 136 of the Consolidated Law on Banking, article 2391 of the Italian Civil Code "Interests of the administrators" and the Regulations for Operations with Connected Subjects, adopted to implement the provisions of Supervisory Regulations.

It is noted that the auditors of the Independent Auditor company, with whom the Board of Statutory Auditors exchanged information related to audits of the financial statements and other controls that they performed, did not advise of any circumstances, irregularities or censurable facts that had to be reported to the Supervisory Authority or to the same Board of Statutory Auditors.

Audits of the overall structure of controls by the Board has taken into account the activities carried out by the Internal Audit function, as the recipient of the audit reports containing the results of the controls that this service carried out during the year, as mentioned, in co-sourcing with the company META Srl located in Empoli.

With respect to second level controls, the interaction, which has always been productive, regarded:

- the Risk Management Department, that supplied adequate information regarding risks, the object of periodic reports concerning the controls carried out directly, as well as the effectiveness of the departments entrusted with examining and measuring the different types of risks, and the co-ordination of such departments aimed at an overall vision of risks;
- Compliance (compliance to regulations), for the review and assessment of issues regarding the legal framework with which the Bank must comply and for reports regarding the state of company compliance with respect to areas of the Department's competence;
- Anti-Money Laundering, for reports regarding this delicate sector, documents whose level of clarification fully represent, among other things, organisation and electronic controls in terms of an adequate control of customers and the supply of information to the Centralized Computer Archive;
- The Budget, Planning and Management Control Office and the Credit Control Office whose reports, shared with Risk Management, provide this Board with adequate information regarding monitored risks pertaining to the specific competence of this function.

On the basis of the above premises, we consider the internal control system – in its entirety - suitable for guaranteeing the control of risks and compliance with applicable regulations and procedures.

In performing its controls, the Board of Statutory Auditors maintained a continuous dialogue with all Control Functions.

The Board paid particular attention of the organisational set-up of the control functions, aimed at monitoring risks, that centralises the 2nd and 3rd level control functions within the Parent Company.

During the fiscal year in review, still as regards internal audits, the Board of Statutory Auditors was also able to evaluate the compliance to the provisions of Bank of Italy Circular n. 285 dated 17 December 2013 "Vigilance provisions for Banks" and the continuing conformity of internal regulations.

The Board of Statutory Auditors also assessed and supervised the adequacy of the administrative and accounting system, as well as the latter's reliability in accurately representing management activity, by means of numerous meetings with the Budget, Planning and Management Control Office, the review of company documents and, primarily, the ongoing analysis of the results of the work carried out by the Independent Auditor, which was entrusted, as noted, with the specific task of the statutory audit of the accounts.

During the course of the audits and controls conducted, considering the information acquired, including by means of ad hoc reports prepared by the offices entrusted with control functions, no indications appeared of any irregularities in corporate management that would indicate any particular organisational deficiencies.

We acquired knowledge of and supervised the adequacy of the organisational, administrative and accounting set-up and its operating methods and the measures adopted by the administrative body to face the Covid-19 medical emergency, also by gathering information from office managers and, on this matter, we have nothing of significance to report.

In conclusion, in consideration of the information obtained during the course of the supervisory activity performed, the Board of Statutory Auditors can confirm that the organisational structure, internal control system and accounting-administrative structure are consistent with the Bank's size, are adequate for its operating needs and have been timely adjusted/refined based on the evolution of such needs and, specifically, the laws and regulations that regulate the Bank's activity.

During the fiscal year, based on the information obtained by the Board of Statutory Auditors, no atypical and/or unusual operations were performed.

With resolution dated 10.08.2021, the Board of Directors introduced an updated version of the document entitled "Policy for the management of transactions with related parties" to manage transactions with related parties of the Gruppo Bancario Cambiano, and updated the regulations entitled "Resolution procedures for transactions with related parties.

Relationships with related parties took place on the basis of the Regulations in force and in compliance with the requirements of Bank of Italy Measures entitle «Risks and conflict of interest with respect to related parties ». The Board of Statutory Auditors, in its supervisory function, has always found compliance with the regulations on this matter. Transactions were always in line with market conditions or, where appropriate reference parameters were missing, according to cost and, in any event, on the basis of evaluations of objective reciprocal convenience and correctness. No large transactions were carried out with related parties, pursuant to the regulatory provisions of reference and criteria adopted within the scope of corporate policies, regarding which the Independent Directors, and/or the undersigned members of the Board of Statutory Auditors expressed a negative opinion or formulated reports.

The document «Remuneration policies for directors, employees and collaborators who are independent contractors» was found to be adequate, consistent with supervisory regulations and in conformity with what was indicated by the Internal Audit office, and the Board found that it was properly applied during the course of the fiscal year. In addition to the financial statements, the Shareholders' Meeting is being provided with the information, duly formulated and required, regarding the effective manner in which remuneration policies are applied.

Within the scope of updating competencies, during the months of October and November 2021, the members of the Board of Statutory Auditors participated in the course entitled "ABI Upper level formation for the Board of Statutory Auditors".

With respect to the activity performed, the Board of Statutory Auditors wishes to specifically note the following business and corporate circumstances:

- The Board of Statutory Auditors met 28times during the course of the fiscal year, of which one meeting was held jointly with the other Boards of the Group;
- No significant facts emerged from the inspection and control activities, requiring notification to the Bank of Italy,
- the Board of Statutory Auditors issued opinions in the cases explicitly required by law;
- during the course of the fiscal year, the Board carried out the activity of Supervisory Body in accordance with Legislative Decree 231/2001. This activity consisted in examining the organisational and management model and the training program for personnel, as well as advising the Bank's managers of the need for ongoing collaboration, useful for allowing full and effective activity to prevent the crimes provided for by the above law;
- the Board of Statutory Auditors has fully endorsed the objectives and risk profiles contained in the "RAF Regulations" document approved by the Board of Directors, which provides the framework to calculate the Bank's Risk Appetite Framework (RAF), adopted in compliance with Supervisory regulations;
- Within the scope of its own annual planning, the Board of Statutory Auditors verified the Anti-Money Laundering process, and no significant critical profiles emerged, thus confirming that the controls adopted are substantially adequate to the task;
- the procedure for the autonomous assessment of capital adequacy (ICAAP) was further implemented, as was the liquidity risk governance and management system (ILAAP), in accordance with regulatory guidelines, observing the initiation of a process for compliance with the provisions set forth for "Class 2 Banks";
- the Board of Statutory Auditors constantly monitored the Capital Management Plan and the measures for capital strengthening defined by the Bank;
- laws regarding the transparency of banking and financial services and transactions were applied;
- the Board of Statutory Auditors acknowledged that the Bank has defined a plan to enhance ICT security and anti-fraud systems, that entails the creation of technical and organisational monitoring devices for the security of internal networks, the management of logic accesses by employees, the monitoring of anomalous security events and for fraud management;
- in terms of usury, the Bank's operations were conducted in compliance with Law n. 108/1996 and the Implementing Provisions of Bank of Italy;
- as required by article 136 of the Consolidated Law on Banking, the Board unanimously confirmed the transactions conducted, directly or indirectly, the by the Bank's representatives, all approved in accordance with law, including article 2391 of the Italian Civil Code;
- with reference to the 27 complaints received by the Bank in 2021, compared to the 33 received in 2020, the enquiry procedure and management of such cases was found to be proper; further, it was determined that the parties involved were given a timely and reasoned response and that such complaints were properly represented to the Bank's bodies according to regulatory requirements; furthermore, n. 4 requests for information submitted to the Bank for reports lodged by customers with the Vigilance Authority were regularly answered, as were n. 3 claims submitted by customers to the A.B.F.;
- it is certified that, with the participation required of employees, the necessary training was conducted regarding anti-money laundering, financial consulting, the placement of insurance and financial products, occupational safety, banking transparency and privacy.

The Board of Statutory Auditors has assessed the independence of the auditing company Deloitte & Touche S.p.A. and on this matter, lists the services, other than the audit, performed in favour of the Group, provided for by regulations as the responsibility of the subject performing the legal audit of accounts, that the Board of Statutory Auditor has acknowledged for the fiscal year 2021:

- report required by art. 23, comma 7, of the implementation regulation of articles 4-undecies and 6, comma 1, lett. b) and c-bis) Lgs. Decree 58/98 pertaining to the illustration of organisational and procedural solutions and of the relative controls implemented by the Bank relative to the deposit and sub-deposit of customer assets;
- certification of conformity regarding the financial statements of Banca Cambiano 1884 S.p.A. and Ente Cambiano S.c.p.A.;
- report on the accuracy of the data notified relating to the third series of operations aimed at refinancing of longer term loans (TLTRO III) provided for by comma 1 art. 6 of the resolution of the European Central Bank 1311 of 22/07/2019.

In the events occurring after the close of the fiscal year, as mentioned in the management report, it is noted that:

- in the meeting of the Board of Directors held on 25 February, the Board approved the 2022-2024 Strategic Plan of Gruppo Bancario Cambiano after the merger with Invest Banca;
- in the month of February, the conflict between Russia and the Ukraine worsened, a fact which could significantly impact the Italian economy and, indirectly, the banking system;
- in March 2022, the Bank's capital strengthening was further increased by the issue of an additional 3 million euro in permanent AT1 bonds (series 502) that reached the overall amount of 30 million euro and of an additional 2 million euro in subordinate T2 bonds (series 501) with a duration of 7 years.

2. Fiscal year results

The Board of Statutory Auditors has examined the draft financial statements for the fiscal year closed on 31/12/2021 and the management reports, submitted to the same Board by the Board of Directors, within the term required by law.

As the Board of Statutory Auditors is not required to perform the statutory audit of the Financial Statements, the Board has verified the overall layout of the statements, its composition, its structure, the evaluation made of company assets and the management report, in conformity with current laws, provisions of the Supervisory authority and the International IAS/IFRS accounting standards.

The draft financial statements were submitted to review by the company Deloitte & Touche S.p.A., tasked with statutory audit of accounts, On 22 April 2022, in accordance with articles 14 and 16 of Legislative Decree n. 39/2010, the audit company has issued its professional opinion as to the reliability of the financial statements in question, without notes or objections.

The Explanatory Notes contain further information either deemed useful or required by law for a more exhaustive representation of corporate events and a better comprehension of balance sheet data.

The Board of Statutory Auditors also met with the company in charge of the statutory audit of the accounts, thus taking note of the work carried out by the latter and exchanging reciprocal information, as per article 2409-septies of the Italian Civil Code. As regards the items in the draft financial statements submitted to the Shareholders' assembly, the Board of Statutory Auditors has carried out the controls required to be able to provide the following comments.

3. Comments to the financial statements

It is noted as follows:

- The draft financial statements were prepared, in implementation of Legislative Decree n. 38/2005, from a substantive standpoint, in accordance with the Supervisory Regulations contained in Circular n. 262 of 22 December 2005 of the Bank of Italy and in application of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB), approved by the European Union, and in effect as of the date the financial statements were closed, as well as the related interpretations (SIC/IFRIC). Such accounting standards are reported analytically in part A.1, section 2 of the Explanatory Notes. The above documentation duly considers what is provided in the Joint Document of the Bank of Italy, Consob and Isvap n. 4 of 3 March 2010, on the information to be provided in financial reports on controls of the reduction of value of assets (impairment test), on the contractual clauses of financial liabilities, on debt restructuring and on the "hierarchy of fair value;

- the draft financial statements, as prepared, correspond to the facts and information the Administrative Body was aware of as of the date of their approval;
- The Report on Operations contains the information required by outstanding law and completes, in a clear manner, the content of the fiscal year financial statements; specifically, in the Report on Operations and in the Explanatory Notes, the directors have provided the information required by Document no. 2 of Consob, the Bank of Italy and Isvap of 6 February 2009 on "business continuity" *(going concern)*, and they prepared the financial statements based on an expectation of business continuity. The Board agrees with the judgment expressed and confirms the reasonable expectation that the company will continue operating in the foreseeable future.

As noted, with respect to the supervisory activity regarding the financial statements for which it is responsible, in addition to the provisions of the Italian Civil Code and provisions of the Supervisory Authority, the Board of Statutory Auditors complied with the rules of conduct established by the National Council of Accountants and Auditors.

In conclusion, the Board of Statutory Auditors approves the 2021 fiscal year financial statements, which were duly made available within the prescribed term.

Moreover, during the course of the 2021 fiscal year, the Board of Statutory Auditors met with the auditing company Deloitte & Touche S.p.A. and exchanged information, as provided for by Italian Legislative Decree n. 39 of 27 January 2010, implementing European Community directives regarding statutory auditing of accounts. In accordance with article 11 of (EU) Regulation 537/2014, the aforementioned auditing company also provided the required supplementary report for the internal audit committee and for the purpose of the accounting audit, in which the company confirmed finding no significant deficiencies in the internal control system with respect to the financial information process, the accounting system and the statement, in accordance with article 6, sub-section 2, lett. a) of (UE) Regulation n. 537/2014, and that no situations were found that might have compromised independence, as per articles 10 and 17 of Italian Legislative Decree n. 39/2010 and articles 4 and 5 of (EU) Regulation 537/2014.

As regards the consolidated financial statements, we have observed the correct preparation of the same, as regards the applicable accounting standards, the definition of the area of consolidation, and compliance with the regulations of reference. In so doing, we were also able to appreciate the efficiency of the underlying data supply and operational control systems.

To the best of our knowledge, in preparing the financial statements, management has not strayed from provisions of law as per art. 2423, comma 5 of the Italian Civil Code and have provided all the indications required by art. 10 of Law n. 72 or 19 March 1983 in a specific annex to the financial statements.

4. Proposals regarding the financial statements and the approval thereof

On conclusion of the specific controls carried out, and for all the above, having viewed the audit report of the auditing company Deloitte & Touche S.p.A., which did not find any irregularities, nor did it make any requests for additional information, the Board certifies that the financial statements for the fiscal year and the consolidated accounts of Gruppo Bancario Cambiano at 31/12/2021 are prepared in compliance with pertinent regulations and criteria and are a precise and truthful representation of the income, asset and financial situation of the Company and of the Group. The Board considers the report on operations as consistent with the Bank's financial statements as at 31 December 2021 and indicates business performance, its current trend and outlook, illustrating the current and future evolution. This is true with reference to both so-called financial information, a san analysis of the income, asset and financial situation and indicators of capital adequacy, as well as with respect to other information, such as risks and uncertainties concerning the Bank's activity, its management, human resources, security, and evolution of management. The significance of credit risk, liquidity risk and market risk was adequately indicated, also in consideration of the strong market tensions. The Explanatory Notes indicate the measurement criteria used and provide all of the information required by laws currently in force, including information on credit risk, market risk, liquidity risk and operational risks.

In conclusion of our report, in repeating that on the basis of the supervisory activity carried out no critical events appeared and no omissions or irregularities were found, the Board of Statutory Auditors expresses its favourable opinion, to the extent of our responsibility, for the approval of the financial statements for fiscal year 2021 and related proposal for the allocation of the fiscal year net profit, which it certifies conforms to law and the Articles of Association and is suitable in view of the Bank's economic and financial situation.

* * *

The Board sincerely thanks all the Bank's departments for the collaboration provided to the control body during the course of the fiscal year, while carrying out its institutional functions.

Florence, 22 April2022

THE BOARD OF STATUTORY AUDITORS

Dr. Gaetano De Gregorio, CHAIRMAN

Prof. Riccardo Passeri, ACTING AUDITOR

Dr.ssa Manuela Sodini, ACTING AUDITOR

Report of the Auditing Company

Deloitte.

Deloitte & Touche S.p.A.
Via Pier Capponi, 24
50132 Firenze
Italia

Tel: +39 055 2671011
Fax: +39 055 282147
www.deloitte.it

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Banca Cambiano 1884 S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Banca Cambiano 1884 S.p.A. (la "Banca"), costituito dallo stato patrimoniale al 31 dicembre 2021, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Banca al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Banca in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Classificazione e valutazione dei crediti verso la clientela deteriorati classificati fra le sofferenze e le inadempienze probabili	
Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "La qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa relative al rischio di credito della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2021, i crediti verso clientela valutati al costo ammortizzato deteriorati della Banca Cambiano 1884 S.p.A., ammontano ad un valore lordo pari ad Euro 233,6 milioni, a cui sono associate rettifiche di valore pari ad Euro 104 milioni e ad un conseguente valore netto pari ad Euro 129,6 milioni. La relazione sulla gestione evidenzia inoltre che il tasso di copertura (c.d. "coverage ratio") dei crediti verso clientela valutati al costo ammortizzato deteriorati al 31 dicembre 2021 è pari al 44,50%. In particolare, i suddetti crediti deteriorati, classificati secondo quanto previsto dal principio contabile internazionale IFRS 9 "Strumenti finanziari" nel c.d. "terzo stadio", includono sofferenze per un valore netto pari ad Euro 62 milioni, con un coverage ratio pari al 52,93% ed inadempienze probabili per un valore netto pari ad Euro 64,6 milioni, con un coverage ratio pari al 34,41%. Per la classificazione delle esposizioni creditizie per classi di rischio omogenee, la Banca fa riferimento alla normativa di settore e alle disposizioni interne che disciplinano le regole di classificazione e trasferimento nell'ambito delle diverse categorie di rischio. Nella determinazione del valore recuperabile dei crediti verso la clientela valutati al costo ammortizzato deteriorati, la Banca, nell'ambito delle proprie politiche di valutazione, ha fatto ricorso a processi e modalità di valutazione caratterizzati da elementi di soggettività e di stima di talune variabili quali, principalmente, i flussi di cassa previsti, i tempi di recupero attesi e il presumibile valore di realizzo delle garanzie, ove presenti, la cui modifica può comportare una variazione del valore recuperabile finale; tale determinazione si è basata sull'utilizzo degli elementi informativi disponibili alla data di valutazione, tenendo in debita considerazione i possibili effetti della crisi pandemica. Nella relazione sulla Gestione e nella Nota Integrativa Parte A – Politiche contabili e nella Parte E – Informazioni sui rischi e sulle relative politiche di copertura – è riportata l'informativa sugli aspetti sopra descritti. In considerazione della significatività dell'ammontare dei crediti verso clientela valutati al costo ammortizzato deteriorati iscritti in bilancio, della complessità dei processi di stima adottati dalla Banca che hanno comportato un'articolata attività di classificazione in categorie di rischio omogenee, nonché della rilevanza delle componenti discrezionali insite nella natura estimativa del valore recuperabile (quali le stime dei flussi di cassa attesi, i relativi tempi di recupero, il valore delle eventuali garanzie e le possibili strategie di recupero), abbiamo ritenuto che la classificazione dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a

	sofferenza e inadempienza probabile e la loro valutazione siano da considerare un aspetto chiave della revisione del bilancio d'esercizio della Banca al 31 dicembre 2021.
Procedure di revisione svolte	Nell'ambito delle attività di revisione sono state svolte le seguenti principali procedure: • comprensione della normativa interna e dei processi posti in essere dalla Banca in relazione alle modalità di classificazione e di determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e inadempienza probabile, al fine di verificarne la conformità al quadro normativo di riferimento ed ai principi contabili applicabili; • verifica dell'implementazione e dell'efficacia operativa dei controlli chiave identificati con riferimento ai suddetti processi; • analisi qualitativa ed andamentale dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e inadempienza probabile mediante il calcolo di opportuni indicatori quali/quantitativi al fine di identificare eventuali elementi di interesse, anche in considerazione degli impatti derivanti dalla pandemia COVID-19; • verifica, per un campione di posizioni selezionate anche sulla base degli elementi di interesse emersi dall'analisi di cui al punto precedente, della classificazione e determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e inadempienza probabile sulla base del quadro normativo di riferimento, dei principi contabili applicabili e degli eventuali impatti derivanti dalla pandemia COVID-19, anche mediante ottenimento ed esame di conferme scritte da parte dei legali incaricati del recupero dei crediti; • analisi degli eventi successivi alla data di chiusura del bilancio; • verifica della completezza e della conformità dell'informativa fornita dalla Banca nel bilancio rispetto a quanto previsto dai principi contabili di riferimento e dalla normativa applicabile.

Classificazione dei crediti verso clientela valutati al costo ammortizzato non deteriorati a maggiore rischio	
Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "La qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa relative al rischio di credito della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2021, i crediti verso clientela valutati al costo ammortizzato non deteriorati di Banca Cambiano 1884 S.p.A. ammontano ad un valore lordo pari ad Euro 3.084,6 milioni, a cui sono associate rettifiche di portafoglio pari ad Euro 25,6 milioni, e ad un conseguente valore netto pari ad Euro 3.059 milioni, evidenziando un grado di copertura pari allo 0,83%.

Deloitte.

Tra essi, i crediti verso la clientela per finanziamenti non deteriorati a maggiore rischio sono essenzialmente classificati nel c.d. "secondo stadio" pari a Euro 271,7 milioni lordi con un grado di copertura del 6,78%.

Nell'ambito delle proprie politiche di gestione dei crediti verso la clientela per finanziamenti, la Banca ha adottato processi e modalità di monitoraggio dell'andamento dei rapporti che includono, tra l'altro, un'articolata attività di classificazione delle posizioni di credito in categorie di rischio omogenee, secondo quanto previsto dalla normativa di settore e dalle disposizioni interne che disciplinano le regole di classificazione e trasferimento nelle diverse categorie di rischio. Nel processo di classificazione, anche ai fini della conseguente valutazione, dei crediti non deteriorati, la Banca ha tenuto in considerazione il particolare contesto di incertezza macroeconomica derivante dalla crisi pandemica e gli effetti dei provvedimenti di moratoria legislativi e di categoria oltreché delle ulteriori misure di sostegno all'economia introdotte con specifici interventi legislativi.

Nella relazione sulla gestione e nella Nota Integrativa Parte A – Politiche contabili, Parte B – Informazioni sullo stato patrimoniale, Sezione 4 dell'attivo, Parte C – Informazioni sul conto economico, Sezione 8, Parte E – Informazioni sui rischi e sulle relative politiche di copertura è riportata l'informativa sugli aspetti sopra descritti.

In considerazione della significatività dell'ammontare e della complessità del processo di classificazione adottato dalla Banca, tenuto anche conto delle circostanze connesse al contesto di crisi pandemica che hanno reso particolarmente critica ed esposta a ulteriori elementi di soggettività l'identificazione delle esposizioni non deteriorate che abbiano subito un significativo incremento del rischio di credito, abbiamo ritenuto che la classificazione dei crediti verso la clientela per finanziamenti, valutati al costo ammortizzato, non deteriorati a maggiore rischio rappresenti un aspetto chiave della revisione del bilancio d'esercizio di Banca Cambiano 1884 S.p.A. al 31 dicembre 2021.

Procedure di revisione svolte

Nell'ambito delle attività di revisione sono state svolte le seguenti principali procedure:

- analisi del processo creditizio, che ha incluso in particolare la rilevazione e comprensione dei presidi organizzativi e procedurali messi in atto dalla Banca per garantire il monitoraggio della qualità del credito e la corretta classificazione, anche ai fini della conseguente valutazione, in conformità ai principi contabili applicabili e alla normativa di settore;
- verifica, mediante il coinvolgimento di specialisti informatici della rete Deloitte, della corretta gestione ed alimentazione degli archivi;
- verifica dell'efficacia operativa dei controlli individuati;
- svolgimento di analisi comparative, con l'esame della movimentazione dei crediti verso clientela per finanziamenti non deteriorati e delle relative rettifiche di valore con corrispondenti dati omogenei relativi all'esercizio precedente;

- verifica, per un campione di posizioni non deteriorate a maggiore rischio, della corretta classificazione sulla base delle previsioni normative e delle disposizioni interne approvate dalla Banca;
- analisi degli eventi successivi alla data di chiusura del bilancio;
- verifica della completezza e della conformità dell'informativa fornita in bilancio rispetto a quanto previsto dal quadro normativo di riferimento e dai principi contabili applicabili, nonché dai documenti di tipo interpretativo e di supporto all'applicazione dei principi contabili in relazione agli impatti derivanti dalla pandemia COVID-19, emanati dagli organismi regolamentari e di vigilanza nazionali ed europei.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Banca di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Banca o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Banca.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile.

Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Banca;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Banca di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Banca cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Deloitte.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'Assemblea degli Azionisti di Banca Cambiano 1884 S.p.A. ci ha conferito in data 4 giugno 2020 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Banca per gli esercizi dal 31 dicembre 2020 al 31 dicembre 2028.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Banca nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli Amministratori della Banca Cambiano 1884 S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Banca Cambiano 1884 S.p.A. al 31 dicembre 2021, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2021 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2021 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Antonio Sportillo
Socio

Firenze, 22 aprile 2022

This is an unofficial courtesy translation into English language of the Italian version of the Independent Auditors' Report on the Financial statements

REPORT OF THE INDEPENDENT AUDITOR IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND OF ARTICLE 10 OF EU REGULATION N. 537/2014.

To the Shareholders of
Banca Cambiano 1884 S.p.A.

REPORT ON THE ACCOUNTING AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the fiscal year financial statements of Banca Cambiano 1884 S.p.A. (the "Bank"), consisting of the balance sheet as at 31 December 2021, the income statement, the schedule of overall profitability, the schedule of variations to shareholders' equity, statement of cash flows for the fiscal year ending on the aforementioned date and by the explanatory notes thereto.

In our opinion, the financial statements represent in a truthful and accurate manner shareholders' equity and the financial situation of the Bank as at 31 December 2021, as well as of the economic result and cash flows for the fiscal year closed on the same date, in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations implementing article 43 of Legislative Decree n. 136/2015.

Basis for the opinion

We conducted the audit in conformity with the procedures specified in the audit standards (ISA Italia). Our responsibilities pursuant to the aforementioned standards are further described in the section *Responsibility of the Independent Auditors for the audit of financial statements for the fiscal year* in this report. We are independent with respect to the Bank, in compliance with regulations and standards regarding ethical principles and independence applicable in Italian Law to audits of financial statements. It is our opinion that we have acquired sufficient and adequate evidence on which to base our opinion.

Key aspects of the audit of accounts

The key aspects of the audit of accounts are those aspects that, in our professional opinion, are of greatest significance within the scope of the audit of accounts for the financial statements in review. Such aspects were dealt with within the scope of the audit of accounts and in forming our opinion as to the overall financial statements; therefore, we will not express a separate opinion of said aspects.

Classification and measurement of impaired receivables from customers classified as non-performing, and probable defaults

Description of the key aspect of the audit

As written in the section "The quality of credit" of the report on management and in the quantitative information regarding credit risk in Part E – Information on risks and relative hedging policies of the explanatory notes at 31 December 2021, Banca Cambiano 1884 S.P.A. impaired receivables from customers measured at amortised cost amount to a gross value of 233.6 million euro, to which value adjustments equal to 104 million euro are associated, with a resulting net value of 129.6 million euro.

The report on management also notes that the so-called "coverage ratio" of receivables from customers measured at amortised cost at 31 December 2021 is equal to 44.50%. In particular, the aforementioned impaired receivables, classified in accordance with the IFRS 9 "Financial Instruments" international accounting standard in so-called "third stage", include non-performing loans for a net value equal to 62 million euro, with a 52.94% coverage ratio, and probable defaults for a net value equal to 64,6 million euro, with a 34.41% coverage ratio.

As regards the classification of credit exposures for homogenous risk classes, the Bank applies sector standards and internal policies that govern classification and transfer between the various risk categories.

In determining the recoverable value of impaired receivables from customers measured at amortised cost, the Bank, within the scope of its valuation policies, has applied valuation procedures and methods characterized by elements of subjectivity and estimation of some variables including, mainly, forecasted cash flows, expected recovery times and the realizable value of collateral, where present, the modification of which may result in a change of the final recoverable value; this determination is based on the use of information available at the date of assessment, taking into due account the possible effects of the pandemic crisis.

Information regarding the aspects described above is provided in the Report on Management and in the Explanatory Notes Part A – Accounting Policies and Part E – Information on risks and the relative hedging policies.

Considering the significance of the amount of impaired receivables from customers measured at amortised cost entered in the balance sheet, and the complexity of the Bank's estimation procedures, which required a detailed classification in homogenous risk categories, as well as the significance of the discretional components inherent to the estimative nature of recoverable value (such as estimations of expected cash flows, the relative recovery times, the value of collateral and the possible recovery strategies), it is our opinion that the classification of impaired receivables from customers measured at amortised cost and classified as non-performing loans and probably defaults and the valuation thereof are to be considered a key aspect of the audit of the Bank's financial statements as at 31 December 2021.

Auditing procedures carried out

Within the scope of the auditing activities, the following main procedures were carried out:

- Comprehension of internal regulations and processes established by the Bank in relation to the methods for classification and determination of the recoverable value of impaired receivables from customers measured at amortised cost and classified and non-performing and probable defaults, in order to verify conformity to the regulatory framework of reference and applicable accounting standards;
- Verification of the implementation and operational efficacy of specific key controls with reference to the aforementioned processes;
- Qualitative and trend analysis of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, through appropriate qualitative and quantitative indicators, in order to identify possible elements of interest, also in consideration of the effects of the COVID-19 pandemic;
- Verification, for a sample of selected positions, also based on the elements of interest emerging from the analysis mentioned at the above point, of the classification and evaluation of the recoverable value of impaired receivables from customers measured at amortised cost and classified and non-performing and probable defaults based on the regulatory framework of reference, the applied accounting standards and any effects deriving from the COVID-19 pandemic, also by requesting and examining written confirmation by attorneys assigned to credit recovery;
- Analysis of the events subsequent to the date of closing of the financial statements;
- Verification of the completeness and conformity of the information provided by the Bank in the financial statements, with respect to the requirements of applicable accounting standards and regulations.

Classification of in bonis receivables from customers measured at amortised cost at higher risk

Description of the key aspect of the audit

As written in the section “The quality of credit” of the report on management and in the quantitative information regarding credit risk in Part E – Information on risks and relative hedging policies of the explanatory notes at 31 December 2021, Banca Cambiano 1884 S.p.A’s in bonis receivables from customers measured at amortised cost amount to a gross value of 3,084.6 million euro, with portfolio adjustments for 25.6 million euro, for a resulting total net value of 3,059 million euro, showing a 0.83% coverage ratio.
Of these, receivables from customers for in bonis loans at higher risk are essentially classified in the so-called “second stage”, for 271.7 million euro with a 6.78% coverage ratio.

Within the scope of its policies regarding the management of receivables from customers for loans, the Bank has adopted processes and trend monitoring methods that include, among other activities, a detailed classification of credit exposures in homogenous risk categories, as provided for by sector regulations and internal policies that govern risk classification and transfer between risk categories. In the classification process for in bonis receivables, also for the purpose of the relative measurement, the Bank has taken into consideration the unique context of macro-economic uncertainty deriving from the pandemic emergency and the effects of the moratoria measures provided for by government provisions and banking association provisions during the year in review, as well as additional measures in support of the economy introduced through specific legislation.

Information regarding the above aspects is provided in the report on management and in the Explanatory Notes - Part A – Accounting policies, Part B – Information on the balance sheet, Section 4 Assets, Part C – Information on the income statement, Section 8, Part E – Information on risks and relative hedging policies.

Considering the significance of the amount and the complexity of classification process used by the Bank, and also considering the circumstances connected to the current pandemic emergency scenario, that have rendered the identification of in bonis exposures that have undergone a significant increase in the level of credit risk particularly critical and exposed to further elements of subjectivity, it is our opinion that the classification of in bonis receivables from customers measured at amortised cost and at higher risk are to be considered a key aspect of the audit of the Bank's financial statements as at 31 December 2021.

Auditing procedures carried out

Within the scope of the auditing activities, the following main procedures were carried out:

- Analysis of the credit process, specifically including the analysis and comprehension of organisational and procedural systems implemented by the Bank to guaranty monitoring of credit quality and the correct classification thereof, also for the purpose of the credit measurement, in conformity with applicable accounting standards and sector regulations;
- Verification, by involving the IT experts of the Deloitte network, of the correct management and updating of archives:
- Verification of the operational efficacy of controls;
- Conduction of comparative analyses, examining the entries referred to receivables from customers for in bonis loans and the relative net value adjustments with corresponding homogenous data relative to the previous fiscal year;
- Verification, for a sample of in bonis higher risk exposures, of the correct classification based on regulatory forecasts and internal policies approved by the Bank;
- Analysis of the events subsequent to the date of closing of the financial statements;
- Verification of the completeness and conformity of the information provided by the Bank in the financial statements, with respect to the requirements of applicable accounting standards and regulations, as well as by documents issued in relation to the effects of Covid-19 by national and European regulatory and supervisory bodies.

Responsibility of the Directors and of the Board of Statutory Auditors for the financial statements

The directors are responsible for preparing the financial statements so that they provide a true and correct representation in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement Article 43 of Legislative Decree n. 136/2015 and, to the extent required by law, for those internal controls deemed necessary by the Directors to allow preparing financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

Directors are responsible for assessing the capacity of the Bank to continue operating as a working entity and, in preparing the financial results, for the appropriate use of the assumption of corporate continuity as well as for adequate information on this matter. Directors use the assumption of corporate continuity in preparing the financial statements, unless they have assessed the existence of conditions that require liquidation of the Company or interruption of business activities or that there are no realistic alternatives.

The Board of Statutory Auditors is responsible for vigilance, within the terms provided for by law, over the preparation process of the Bank's financial information.

Responsibility of the Independent Auditors for the accounting audit of the financial statements

Our objectives are to acquire reasonable certainty that the financial statements contain no significant errors due to fraud or to intentional conduct or to events and to issue an audit report that includes our opinion. Reasonable certainty means a high level of certainty that, nonetheless, is not a guaranty that an accounting audit conducted according to international auditing principles (ISA Italia) will always identify a significant error, should one exist. Errors may derive from fraud or from unintentional conduct, and are considered significant if it may be reasonably expected that such errors, singly or as a whole, may influence user economic decisions made based on the financial statements for the year.

Within the scope of the accounting audit conducted in compliance with the international auditing principle (ISA ITALY), we have exercised our professional expertise and have maintained professional scepticism for the entire duration of the accounting audit.

Moreover:

- We have identified and assessed the risk of significant errors in the financial statements, resulting from fraud or unintentional conduct or events; we have defined and carried out auditing procedures in response to said risks; we have acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error resulting from fraud is higher than the risk of not identifying a significant error resulting from unintentional conduct or events, as fraud may implicate the existence of collusion, falsifications, intentional omissions, misleading representations or forced internal control results;

- We have acquired a sufficient understanding of the internal controls for the purpose of the accounting audit, in order to define accounting procedures that are appropriate to the circumstances and not for the purpose of expressing an opinion as regards the efficacy of the Bank's internal controls;

- We have assessed the appropriateness of the accounting principles applied as well as the reasonableness of the accounting estimations made by company administrators, including the respective information documents;

- We have come to a conclusion regarding the appropriate use of the assumption of corporate continuity on the part of the directors and, based on the evidence acquired, as to the possible existence of significant uncertainty as regards events or circumstances that may give rise to significant doubts regarding the Bank's capacity to continue to operate as a business entity. Where faced with a significant uncertainty, we are bound to call attention to the fact in the auditing report on the information provided or, if the information provided is insufficient, to take into account such inadequacy in the formulation of our opinion. Our conclusions are based on the documentation acquired as at the date of this report. However, subsequent events or circumstances may result in the Bank ceasing to operate as a business unit;

- We have assessed the presentation, structure and contents of the financial statements for the fiscal year as a whole, including the information documents, and whether or not the financial statements as such faithfully represent the underlying operations and events.

We have informed the persons in charge of governance activities, identified at an appropriate level, as required by ISA Italia principles, among other aspects, of the scope and timing planned for the accounting review and of the significant findings thereof, including any significant deficiencies in internal controls observed during the accounting audit.

We have provided persons in charge of governance activities with a declaration that all regulations and principles regarding ethical conduct and independence were observed, as applicable by Italian law, and have informed them of any situation that may reasonably affect our independence and, where applicable, the respective safeguarding measures.

Among aspects of which governance was informed, we identified those that were most relevant within the scope of the accounting audit of the financial statements for the fiscal year in review, which therefore constituted the key aspects of the audit. Said aspects are described in the audit report.

Other information communicated pursuant to article 10 of EU Regulations 537/2014

On 4 June 2020, the Shareholders' Meeting of Banca Cambiano 1884 S.p.A. appointed our firm statutory auditor of the financial statements for the fiscal years from 31 December 2020 to 31 December 2028.

We hereby declare that no services forbidden by article 5, section 1 of EU Regulations 537/2014 were rendered other than the accounting audit and that we remained independent with respect to the Bank in the performance of the statutory audit.

We confirm that the opinion expressed in this report on the financial statement is in line with the contents of the additional report sent to the Board of Statutory Auditors in its role as committee for internal control and legal review, pursuant to article 11 of the aforementioned Regulations.

REPORT ON OTHER LAW AND REGULATORY PROVISIONS

Opinion pursuant to article14, sub-section 2, letter e) of Italian Legislative Decree 39/10

The Directors of Banca Cambiano 1884 S.p.A. are responsible for preparing the report on operations for Banca Cambiano 1884 S.p.A. at 31 December 2020, including its consistency with the respective financial statements for the fiscal year and its conformity to provisions of law.

We conducted the procedures specified in the audit standards (SA Italia) n. 720B for the purpose of expressing an opinion as regards the consistency of the report on operations with the financial statements of the Banca Cambiano 1884 S.p.A. as at 31 December 2021 and on compliance with provisions of law, and to issue a declaration regarding any significant errors.

In our opinion, the report on operations is consistent with the financial statements of Banca Cambiano 1884 S.p.A. as at 31 December 2021 and has been prepared in compliance with all provisions of law.

With reference to the declaration required by article 14, sub-section 2, letter e) of Italian Legislative Decree 39/10, issued based on knowledge and comprehension of the business and of the relative context acquired during auditing activities, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Antonio Sportillo
Partner

Florence, 22 April 2022

Schedules to the Financial Statements

OVERALL PROFITABILITY

	Asset line items	31/12/ 2021	31/12/ 2020 (*)
10.	Cash and cash equivalents	104,989,197	91,774,176
20.	Financial assets measured at fair value with impact on profit and loss account	163,036,572	141,631,580
	a) financial assets held for trading	*71,433,475*	*65,347,575*
	b) financial assets measured at fair value	-	-
	c) other financial assets obligatorily measured at fair value	91,603,097	76,284,005
30.	Financial assets measured at fair value with impact on total profits	526,548,591	191,484,151
40.	Financial assets measured at amortised cost	3,834,951,930	3,392,743,588
	a) receivables from banks	*223,443,470*	*299,518,347*
	b) receivables from customers	*3,611,508,461*	*3,093,225,241*
50.	Hedges	-	-
60.	Adjustments of value of generic hedges for financial assets(+/-)	-	-
70.	Equity investments	48,208,908	51,687,676
80.	Property, plants and equipment	68,995,667	71,471,733
90.	Intangible assets	3,646,387	3,234,062
	of which:		
	- goodwill	-	-
100.	Tax receivables	36,557,972	35,272,288
	a) current	*8,416,384*	*11,074,875*
	b) pre-paid	*28,141,588*	*24,197,414*
110.	Non-current assets and groups of assets in the course of divestment	-	-
120.	Other assets	78,311,785	45,842,349
	Total assets	**4,865,247,010**	**4,025,141,604**

(*) Line items "10. Cash and cash equivalents" and "40. a) Financial assets measured at amortised cost - receivables from banks" referring to the previous fiscal year a provided again to take into account the changes introduced by the 7th update of Bank of Italy Circular n.262.

	Liability line items and shareholder's equity	31/12/2021	31/12/2020
10.	Financial liabilities valued at amortised cost	4,548,766,897	3,706,623,227
	a) payables to banks	*1,152,421,439*	*859,668,682*
	b) payables to customers	*3,254,883,824*	*2,700,316,359*
	c) outstanding securities	*141,461,633*	*146,638,186*
20.	Financial liabilities from trading	693,746	641,300
30.	Financial liabilities measured at fair value	-	-
40.	Hedges	140,788	418,521
50.	Adjustments of value of generic hedges for financial liabilities(+/-)	-	-
60.	Tax liabilities	225,063	893,405
	a) current	-	*636,443*
	b) deferred	*225,063*	*256,962*
70.	Liabilities associated to assets in the course of divestment	-	-
80.	Other liabilities	86,683,415	111,421,226
90.	Employee severance pay	3,671,625	4,036,393
100.	Risk and expense funds:	7,833,763	2,615,159
	a) commitments and issued guarantees	*1,882,353*	*2,445,307*
	b) pensions and similar commitments	-	-
	c) other risk and expense funds	*5,951,410*	*169,852*
110.	Valuation reserves	-1,160,629	583,837
120.	Redeemable shares	-	-
130.	Capital instruments	27,000,000	10,000,000
140.	Reserves	-50,310,898	-53,794,705
150.	Premiums on the issue of new shares	803,240	803,240
160.	Share capital	232,800,000	232,800,000
170.	Treasury shares (-)	-	-
180.	Fiscal year profit/loss	8,100,000	8,100,000
	Total liabilities and shareholders' equity	**4,865,247,010**	**4,025,141,604**

PROFIT AND LOSS ACCOUNT

	Line items	31/12/2021	31/12/2020
10.	Earned interest and similar income	77,848,641	74,463,232
	of which: *earned interest calculated using the actual interest method*	*77,454,582*	*73,245,631*
20.	Interest expenses and similar expenses	-12,286,101	-12,809,218
30.	**Interest income**	**65,562,540**	**61,654,014**
40.	Commission income	31,550,440	29,825,721
50.	Commission expenses	-2,835,900	-2,737,699
60.	**Commission income**	**28,714,540**	**27,088,023**
70.	Dividends and similar income	1,502,010	1,193,964
80.	Net trading result	3,802,938	2,037,108
90.	Net hedging result	-7,882	-58,950
100.	Gains (losses) from the disposal or repurchase of:	3,230,981	8,974,492
	a) financial assets measured at amortised cost	*734,431*	*8,567,236*
	b) financial assets measured at fair value with impact on total profits	*2,471,682*	*329,586*
	c) financial liabilities	*24,867*	*77,670*
110.	Net income of other financial assets and liabilities measured at fair value with recognition of income through profit and loss	-289,411	-
	a) financial assets and liabilities measured at fair value	-	-
	b) other financial assets obligatorily measured at fair value	*-289,411*	-
120.	**Operating income**	**102,515,716**	**100,888,650**
130.	Net adjustments/write-backs due to impairment of:	-18,355,528	-28,856,390
	a) financial assets measured at amortised cost	*-18,338,465*	*-28,964,546*
	b) financial assets measured at fair value with impact on total profits	*-17,063*	*108,156*
140.	Profits/losses due to contract modifications without derecognition	-71,240	46,867
150.	**Net income from financial assets**	**84,088,947**	**72,079,127**
160.	Administrative costs:	-68,892,983	-61,033,835
	a) personnel costs	*-29,699,707*	*-27,468,841*
	b) other administrative costs	*-39,193,276*	*-33,564,994*
170.	Net allocations to risk and expense funds	-75,036	-464,911
	a) commitments and issued guarantees	*562,954*	*-349,127*
	b) other net allocations	*-637,990*	*-115,783*
180.	Net adjustments/write-backs on property, plants and equipment	-5,574,019	-5,537,202
190.	Net adjustments/write-backs on Intangible assets	-926,945	-608,649
200.	Other operating costs/income	7,313,845	4,313,256
210.	**Operating costs**	**-68,155,138**	**-63,331,340**
220.	Profit (loss) of equity investments	-6,630,810	299,963
230.	Net result of fair value measurement of property, plants and equipment and intangible assets	-	-
240.	Adjustments to value of goodwill	-	-3,140,342
250.	Gains (losses) from disposal of investments	27,628	7,034
260.	**Gains (losses) from current operations before taxes**	**9,330,627**	**5,914,442**
270.	Fiscal year income tax on current operations	-1,230,627	2,185,558
280.	**Gains (losses) from current operations after taxes**	**8,100,000**	**8,100,000**
290.	Gains (losses) from disposed assets after taxes	-	-
300.	**Profit (loss) for the fiscal year**	**8,100,000**	**8,100,000**

SCHEDUL OF OVERALL PROFITABILITY

	Line items	31/12/2021	31/12/2020
10.	**Profit (loss) for the fiscal year**	**8,100,000**	**8,100,000**
	Other income components net of tax without reversal to income statement		
20.	Capital securities measured at fair value with impact on total profits	1,553,458	-1,043,662
30.	Financial liabilities measured at fair value with recognition of income through profit and loss (variations to own creditworthiness)	-	-
40.	Hedges on capital securities measured at fair value with impact on total profits	-	-
50.	Property, plants and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit assets	135,172	-144,992
80.	Non-current assets and groups of assets in the course of divestment	-	-
90.	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	-	-
	Other income components net of tax with reversal to income statement		
100.	Hedging of foreign investments	-	-
110.	Exchange rate differences	-	-
120.	Hedging of cash flows	-	-
130.	Hedging instruments (unmeasured instruments)	-	-
140.	Financial assets (other than capital securities) measured at fair value with impact on total profits	-2,169,191	-73,885
150.	Non-current assets and groups of assets in the course of divestment	-	-
160.	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	-1,263,906	-
170.	**Total other income components net of taxes**	**-1,744,466**	**-1,262,539**
180.	**Overall profitability (line items 10+170)**	**6,355,534**	**6,837,461**

SCHEDULE OF VARIATIONS TO SHAREHOLDERS' EQUITY

TABLE OF VARIATIONS TO SHAREHOLDERS' EQUITY AT 31/12/2021	Amounts at at 31/ 12/2020	Modification of opening balances	Amounts at 01/01/2021	Allocation of previous fiscal year result		Variations in the fiscal year								
							Transactions on shareholders' equity							
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Variation capital instruments	Derivatives on treasury shares	Stock options	Overall profitability for the year at 31/12/2021	Shareholders' equity at 31/12/2021
Share capital:														
a) ordinary shares	**232,800,000**		232,800,000											**232,800,000**
b) other shares	**0**													**0**
Premiums on the issue of new shares	**803,240**		803,240											**803,240**
Reserves:														
a) from gains	**-53,794,705**		-53,794,705	8,100,000		-3,993,693				-622,500				**-50,310,898**
b) other	**0**													**0**
Valuation reserves	**583,837**		583,837										-1,744,466	**-1,160,629**
Capital instruments	**10,000,000**		10,000,000							17,000,000				**27,000,000**
Treasury shares	**0**													**0**
Fiscal year profit (loss)	**8,100,000**		8,100,000	-8,100,000									8,100,000	**8,100,000**
Shareholders' equity	**198,492,373**	**0**	**198,492,373**	**0**	**0**	**-3,993,693**	**0**	**0**	**0**	**17,000,000**	**0**	**0**	**6,355,534**	**217,231,713**

TABLE OF VAIRATIONS TO SHAREHOLDERS' EQUITY AT 31/12/2020	Amounts at 31/12/2019	Modification of opening balances	Amounts at 01/01/2020	Allocation of previous fiscal year result		Fiscal year variations								
							Transactions on shareholders' equity							
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Variation on capital instruments	Derivatives on treasury shares	Stock options	Overall profitability for the year at 31/12/2020	Shareholders' equity at 31/12/2020
Share capital:														
a) ordinary shares	**232,800,000**		232,800,000											**232,800,000**
b) other shares	**0**													**0**
Premiums on the issue of new shares	**803,240**		803,240											**803,240**
Reserves:														
a) from gains	**- 66,994,705**		- 66,994,705	13,200,000										**- 53,794,705**
b) other	**0**		0											**0**
Valuation reserves	**1,846,376**		1,846,376										**- 1,262,539**	**583,837**
Capital instruments	**0**		0							10,000,000				**10,000,000**
Treasury shares	**0**		0											**0**
Fiscal year profit (loss)	**13,200,000**		13,200,000	- 13,200,000									8,100,000	8,100,000
Shareholders' equity	**181,654,911**	**0**	**181,654,911**	**0**	**0**	**0**	**0**	**0**	**0**	**10,000,000**	**0**	**0**	**6,837,461**	**198,492,373**

CASHFLOW STATEMENT

INDIRECT METHOD	Amounts	Amounts
	31/12/2021	31/12/2020
A. OPERATING ASSETS		
1 Management	**35,887,185**	**40,770,914**
- Fiscal year results (+/-)	8,100,000	8,100,000
- Gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value with recognition of income through profit and loss (+/-)	1,617,147	-669,629
- Gains/losses on assets used for hedging (+/-)	7,882	58,950
- Net adjustments/write-backs due to impairment (+/-)	18,355,528	28,856,390
- Net adjustments/write-backs of property, plants and equipment and intangible assets (+/-)	6,500,964	6,145,850
- Net allocations to risk and expense funds and other costs/income(+/-)	75,036	464,911
- Outstanding duties, taxes and receivables(+)	1,230,627	-2,185,558
- Net adjustments/write-backs of groups of assets being divested net of tax (+/-)	0	0
- Other adjustments (+/-)	0	0
2 Liquidity generated/absorbed by financial assets	**-765,930,380**	**-240,399,113**
- Financial assets held for trading	-7,490,688	14,278,242
- Financial assets measured at fair value	0	0
- Other assets obligatorily measured at fair value	-15,531,451	-9,434,906
- Financial assets measured at fair value with impact on total profits	-334,884,483	164,020,155
- Financial assets measured at amortised cost	-382,877,900	-408,994,848
- Other assets	-25,145,858	-267,756
3 Liquidity generated/absorbed by financial liabilities	**813,699,742**	**202,177,672**
- Financial liabilities valued at amortised cost	842,143,670	202,896,645
- Financial liabilities from trading	52,446	328,612
- Financial liabilities measured at fair value	0	0
- Other liabilities	-28,496,373	-1,047,586
Net liquidity generated/absorbed by investment activities	**83,656,547**	**2,549,473**
B. INVESTMENT ACTIVITIES		
1 Liquidity generated by	**6,114,801**	**774,163**
- Sale of equity investments	0	0
- Dividends received from equity investments	0	0
- Sale of property, plants and equipment	6,114,801	774,163
- Sale of Intangible assets	0	0
- Sale of branches of business	0	0
2 Liquidity absorbed by	**-15,690,399**	**-13,453,617**
- Purchase of equity investments	-4,420,444	-7,577,960
- Purchase of property, plants and equipment	-9,930,684	-3,978,448
- Purchase of intangible assets	-1,339,271	-1,897,209
- Purchase of branches of business	0	0
Net liquidity generated/absorbed by investment activities	**-9,575,598**	**-12,679,454**
C. FUNDING ACTIVITIES		
- Issues/purchases of treasury shares	0	0
- Issues/purchases of capital instruments	17,000,000	10,000,000
- Distribution of dividends and other purposes	0	0
-	17,000,000	10,000,000
NET LIQUIDITY GENERATED/ABSORBED DURING THE FISCAL YEAR	**91,080,949**	**-129,981**

key:
(+) generated (-) absorbed

RECONCILIATION		
Line items	Amount	
	31/12/2021	31/12/2020
Cash and cash equivalents at the beginning of the fiscal year	13,908,248	91,904,157
Total net liquidity generated/absorbed during the fiscal year	91,080,949	-129,981
Cash and cash equivalents: effect of variations of exchange rates	0	0
Cash and cash equivalents at the close of the fiscal year	104,989,197	91,774,176

(*) Line item "10. Cash and cash equivalents" for the previous fiscal year is shown again to take into account the changes introduced by the 7th update of Bank of Italy Circular n.262.

Explanatory Notes

PART A – Accounting policies

A.1 –General Part

Introduction

As of 27 November 2021, the merger by incorporation of Invest Banca S.p.A. under extraordinary administration, into Banca Cambiano 1884 S.p.A came into full effect. Specifically, the extraordinary administration procedure was concluded on 27 November 2021; however, due to the provisions of the deed of merger, perfected on 18 November 2021, and specifically of article 2, letter d) thereof, the accounting and tax effects of the transaction begin as of 1 November 2021. Therefore, pursuant to said provision, the assets acquired and liabilities assumed from the incorporated subject (Invest Banca) at the fair value inferred at the date of acquisition, in application of the IFRS3 accounting standards, were booked at 1 November 2021, instead of on the date of accounting acquisition of 27 November 2021, and consequently, all the transactions and effects thereof carried out subsequent to 31 October 2021 and up to 27 November 2021, are reflected in the financial statements of the Bank. The impact of this representation was not significant. The differences that emerged between the value in the financial statements of Invest Banca and the fair value were booked under line item Line item 220 "Other operating income".
For greater details, please consult Part G of the Explanatory Notes – Aggregations transactions regarding businesses or branches of business.

Section 1 – Statement of conformity to International Accounting Standards

The financial statements of Banca Cambiano 1884 s.p.a. were prepared in compliance with the IAS/IFRS1 international accounting standards issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC) approved by the European Commission and in force at 31 December 31 December 2021, transposed into Italian law by Legislative Decree n. 38/2005 that exercised the option provided for by EC Regulation n. 1606/2002 on the matter of international accounting standards. were prepared based on the instructions issued by Bank of Italy, exercising the faculties set forth in art. 43 of Italian Legislative Decree n. 136/2015, with Measure dated 22 December 2005 issuing Circular n. 262/05 "Banking financial statements: schedules and rules for preparation" up to the 7th update of 02/11/2021. These instructions outline the obligatory schedules to the financial statements and the respective methods of preparation, as well as the contents of the Explanatory Notes. The financial statements are composed of balance sheet, the income statement, the schedule of overall profitability, the table of variations to shareholders' equity, the Explanatory Notes and is accompanies by a report on operations. The schedules to the balance sheet and income statement are drawn up in Euro units and all other schedules and the tables in the Explanatory Notes are in thousands of Euro. The accounting standards adopted to draw up the financial statements for the year 2020, as regards the stages of classification, recognition, valuation and derecognition of the various line items for assets and liabilities, and also as regards the methods for recognition of revenues and expenses, are unvaried with respect to the financial statements for the year 2019, with the exception of the changes made pursuant to the entry into effect, on 1 January 2020, of the new accounting standards outlined below.

Title of the document	Date of approval	Effective as of	EU Regulation
Extension of temporary exemption from application of IFRS 9– Changes to IFRS 4	15/12/2020	01/01/2021	N. 2097/2020
Reform of indexes of reference for the determination of interest rates – stage 2: Changes to IFRS 9, to IAS 39, to IFRS 7, to IFRS 4 and to IFRS 16	13/01/2021	01/01/2021	N. 25/2021
EU regulation 2021/1421 of the Commission dated 30 August 2021 that adopts "Concessions on fees connected to COVID-19 after 30 June 2021 (amendment of IFRS16)" was published in the Official Gazette L305 of 31 August 2021. The amendment to IFRS 16 Leasing extends the aid connected to COVID-19 for lessees in relation to leasing contracts with suspension of payments and with payments originally due before 30 June 2022 included. This is applicable only to concessions on fees that are a direct consequence of the COVID-19 pandemic.	30/08/2021	01/04/2021	N. 1421/2021

As regards the specified Regulation, following the changes that came into effect on 1 January 2021, the Bank did not identify any effects of relevance regarding financial information as at 31 December 2021.

For EU Regulation 2021/1421, a retroactive application was not necessary, in that the amendment that the regulation entails is aimed at specifically dealing with the situation created subsequent to the Covid-19 pandemic; this did not entail significant effects on the Bank, as it made to changes to payable leasing contracts, neither during the 2020 fiscal year, nor during 2021, due to the spread of the pandemic.
The table below details the new International accounting standards, or the amendments to standards already in force, that will be effective as of 1 January 2022, or as at a date subsequent thereto.

Title of the document	Date of approval	Effective as of	EU Regulation
EU Regulation 2021/1980 of the Commission dated 28 June 2021 that amends EC Regulation n. 1126/2008 that adopts certain international accounting standards in compliance with EC Regulation 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 International Financial Reporting Standard (IFRS) 1, 3 and 9, was published in the Official Gazette L234 of 2 July 2021.	28/06/2021	01/01/2022	N. 1080/2021
EU Regulation 2021/2036 of the Council dated 19 November 2021 that adopts IFRS 17 Insurance Contracts, was published in the Official Gazette L 416 of 23 November 2021.	23/11/2021	01/01/2023	N. 2036/2021
EU Regulation 2022/357 of the Council dated 2 March 2022, that adopts the modifications to IAS 1 Presentation of the financial statements and IAS 8 Accounting standards, changes in accounting estimations and errors, was published in the Official Gazette L 68 of 3 March 2022. The changes clarify the differences between accounting standards and accounting estimation for the purpose of guarantying a coherent application of the accounting standards and the comparability between financial statements.	03/03/2022	01/01/2023	N. 357/2022

The Bank did not take advantage of the advance application of Regulation in effect as of 1 January 2022 in that it is not deemed that such changes would entail significant effects to the financial and economic situation.

Finally, as at the date of approval of these financial statements, the process for the homologations by the component organs of the European Union, necessary for the adoption of the amendments specified below, has yet to be completed. Said amendments are:

- "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12" (these amendments are expected to come into effect starting 1 January 2023).

The possible effects of the introduction of the aforementioned amendments is under review.

Please note that the disposition of Bank of Italy require that, as regards merger transactions, the schedules to the financial statements and to the Explanatory Notes, the comparative data referred to the previous fiscal year (T-1) must be the same as those of the incorporated entity. In order to favour the comparability of the data related to fiscal years (T) and (T-1), greater detail is provided within the scope of the report on management, by means of a reclassification of the data for the (T-1) period.

Section 2 –General principle for preparation

The financial statements are prepared in observance of the following general principles set forth in IAS 1:

- Going concern – The financial statements were prepared on a going concern assumption, regarding which there are no uncertainties;
- Accrual basis accounting – Revenues and expenses are booked, regardless of their monetary settlement, based on economic accrual and correlation criteria;
- Coherency in the presentation of the financial statements – The format and classification of the various items are kept the same from one financial year to the next, in order to guaranty the comparability of the information, save for changes required by an International Accounting Standard or an interpretation thereof, or even only so that another presentation or classification is deemed more appropriate in terms of relevance and reliability in the representation of the information;
- Relevance and aggregation – Each relevant class of similar items is distinctly set out in the financial statements. Items that are dissimilar in terms by nature or destination are presented separately, unless they are irrelevant;
  - No compensation – Assets, liabilities, expenses and revenues are not compensated the ones with the others, unless required by an International Accounting Standard or by an interpretation or unless where expressly provided for by statement schedules for banks;
  - Comparative information – Comparative information is provided for the previous financial period for all data illustrated in the schedules to the financial statements with the exception of those cases in which an International Accounting Standard or interpretation allows otherwise. Commentary and descriptive information is also provided, where this favours better comprehension of the financial statements in review;
  - Periodicity of the information: the information must be prepared at least annually; if an entity changes the date of closing of its fiscal year, it must indicate the reason for which the duration of the fiscal has been varied, and the fact that the data are not comparable.

The financial statements for the fiscal year were prepared using the schedules and regulations for preparation of the statements as per Bank of Italy Circular n. 262 of 2005 (seventh update) and Communication issued on 21 December 2021 – Update to the integrations to the provisions of Circular n. 262 "Banking financial statements: schedules and regulations for the preparation" regarding the impact of COVID-19 and the measures in aid of the economy by Bank of

Italy. The financial statements, where applicable, also take into account interpretation-type documents and documents in support of the application of the accounting standards with respect to the impacts of COVID-19, issued by regulatory and supervisory authorities and standard setters. Said documents include:

- EBA communication issued on 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures";
- ESMA communication issued on 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 organisations of relevance;
- EBA guidelines of 2 April 2020 "Guidelines on legislative and non legislative moratoria on loan repayments applied in the light of the COVID 19 crisis";
- ESMA communication 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 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 organisations of relevance.
- ESMA communication of 29 October 2021 "European common enforcement priorities for 2021 annual financial reports".

Update to Circular n. 262 – Illustration of the principle novelties and consequent re-statement of comparative balances

On 29 October 2021, Bank of Italy published the 7th update to Circular n. 262, pertinent to the preparation of the 2021 financial statements, with the aim of ensuring greater comparability between financial statement information and FINREP regulatory reporting, already transmitted to Bank of Italy quarterly, and of transposing the new information provisions provided for by IFRS 7.

The main novelties, introduced by the update in question, refer to the representation in the financial statements of the following entries:

- - demand receivables from banks and Central Banks;
- - impaired receivables purchased and originated (so-called POCI - *Purchased or Originated Credit Impaired*);
- - intangible assets;
- - commission income and expenses;
- - contributions to the recovery fund and to deposit guaranty schemes.

The new information requirements provided for under IFRS 7 were also introduced, following approval of Regulation n. 25 of 13 January 2021 relative to the "Reform of reference indexes for the determination of interest rates, Stage 2", to be provided in "Part A – Accounting Policies".

For the aforementioned entries, the new preparation regulations have entailed the need to re-state certain comparative data from the previous fiscal year, in order to ensure a uniform comparison with those referred to the 2021 fiscal year.

A brief review of the changes introduced, and of the respective impact on comparative balances contained in the schedules to the financial statements and/or in the tables of the Explanatory Notes is provided here following.

<u>Changes with impact on the schedules of the financial statements</u>

The update in question requires that line item "10. Cash and cash equivalents" include demand receivables– current accounts and deposits – from all banks, including central banks; the previous instructions required that demand receivables from banks other than central banks were to be included in line item "40. Financial assets measured at amortised cost", while demand deposits in central banks were already included in line item "10. Cash and cash equivalents".

For receivables correlated to the "regulatory reserve" obligations relative to central banks, the classification in line item "40. Financial assets measured at amortised cost" was confirmed.

The new classification criteria therefore create the need to re-state the balances of the balance sheet schedule originally filed on 31 December 2020, in order to reclassify receivables from banks, amounting to 552.6 million, of line item “40. Financial assets measured at amortised cost” to line item “10. Cash and cash equivalents”, as summarised in the table below.

Line items (Euro/000)	31.12.2020 Reclassified (A)	31.12.2020 Filed (B)	Impact of reclassification (A)-(B)
10. Cash and cash equivalents	91.774	13.908	77.866
40. Financial assets measured at amortised cost	3.392.744	3.470.610	-77.866
a) Receivables from banks	299.518	377.384	-77.866

Consistently with the changes made to the balance sheet, line item “130. Net adjustments/write-backs due to impairment” in the income statement was adjusted to conventionally include net adjustments/write-backs on “demand” receivables from banks and central banks, entered in balance sheet line item “10. Cash and cash equivalents”.

<u>Changes with impact on the details of the Explanatory Notes</u>
The update to Circular n. 262 also required changes to some of the details of the Explanatory Notes, with the resulting need to re-state comparative data of the 2020 fiscal year, as illustrated following; for further details, please consult the specific tables of the Explanatory Notes.

Demand receivables from banks and Central Banks
The change made to the classification criteria for demand receivables from banks, as illustrated above, has determined a different detailing in the tables regarding the breakdown of line item “10. Cash and cash equivalents (Assets table 1.1), and line item “40. Financial assets measured at amortised cost” (Assets table 4.1) and in table 4.4 ”Financial assets measured at amortised cost: gross value and overall value adjustments”, with the consequent re-statement of the balances at 31 December 2020.
Consequently, the comparative balances of the tables relating to the item receivables from banks and central banks contained in Part E of these Explanatory Notes were also re-stated.

Impaired receivables purchased and originated (so-called POCI)
For the portfolios of “Financial assets measured at amortised cost” and “Financial assets measured at fair value with impact on total profits”, compliance with the FINREP has entailed a different representation of “purchased or originated impaired” financial assets (so-called POCI), which, starting from these financial statements, are no longer included in the breakdown by stages of credit risk, but booked separately as a new credit quality category.

For the bank, this case regards only the portfolio of “Financial assets measured at amortised cost” and specifically “Receivables from customers”. At 31 December 2021, the balance sheet value of impaired receivables purchased or originated amounted to 859 thousand euro, equal to the imbalance between a gross value of 1,092 thousand euro and overall value adjustments for 233 thousand euro, and was booked:

- In Stage 2 for 449 thousand euro, equal to the imbalance between a gross value of 461 thousand euro and overall value adjustments for 12 thousand euro;
- In Stage 3 for 410 thousand euro, equal to the imbalance between a gross value of 631 thousand euro and overall value adjustments for 221 thousand euro.

Intangible assets
As regards the breakdown of Intangible assets, a specific entry was required for software that does not constitute an integral part of hardware pursuant to IAS 38 (Table “9.1 Intangible assets: breakdown by type of asset” contained in Part B of the Explanatory Notes). This type of asset is not present in the Bank’s financial statements.

Commission income and expenses
The update in question revised the breakdown of the tables in the Explanatory Notes “2.1 Commission income” and “2.2 Commission expenses” in order to align it, as far as possible, with FINREP details, while keeping the previous information details for certain types of services offered.
The new information requirements allowed allocated a part of commissions, previously booked in the residual line item of other services, to pertinent sub-line items, with particular reference to commission income relative to the use of monetics and those correlated to the supply and management of loans.

Contributions to the recovery fund and deposit guaranty schemes

The update to the Circular requires providing separate information evidence relating to contributions to recovery funds and deposit guaranty schemes booked in the balance sheet as “Other administrative costs” (Table “12.5 Other administrative costs: breakdown” contained in Part C of the Explanatory Notes).

Statement of business continuity

With reference to Bank of Italy, Consob and Isvap requirements as set forth in Joint Document n.4 of 3 March 2010, the individual financial statements at 31 December 2021 were prepared presuming business continuity: indeed, the Board does not deem that any risks or uncertainties have arisen, such as to raise doubts regarding business continuity. It is the opinion of the Board that the Bank has reasonable expectation to continue to operate in the foreseeable future; the individual financial statements have been prepared on the basis of business continuity.
In order to express this opinion, the Board has also assessed the effects of the health pandemic, still under way, that may reasonably have negative repercussions on future company results; nevertheless, said effects are considered of an entity that does not give rise to uncertainties in terms of business continuity.

Section 3 – Events subsequent to the date of reference of the financial statements

Subsequent to the preparation of the financial statements closed on 31 December 2021, there were not noteworthy events such as to require modifying any of the approved data, adjusting any of the results or providing any additional information. For greater details on the events subsequent to 31 December 2021, please see the respective section in the Board of Directors’ report on management. Among the noteworthy events occurring during the period included between the date of reference of the financial statements (31 December 2021) and the date of approval of the proposed financial statements by the Board of Directors, please take note of:

The Russia – Ukraine war

As illustrated in the report on management, on 24 February 2022 Russia proclaimed a military operation in the Donbass area that initiated a invasion of the Ukraine.
The Russian aggression was immediately and firmly condemned both by the European Union and by the United States and all the NATO member states. This condemnation was followed by the approval of a wide range of sanctions against Russia, including a stop on all technology exports, a ban from affairs with Russian federal companies, strategic companies and all gas and petrol production companies, as well as the block on the SWIFT system for Russian banks.
These sanctions generated an immediate crisis in the Russian financial system, as manifested by a rapid and heavy value drop of the rouble, the declassing of sovereign rating, generating serious bankruptcy risks for Russian banks and a harsh drop in the quotations of shares issued by Russian companies.
The effects of these sanctions are, however, destined to also fall back upon the western countries that have imposed them, and the macro-economic prospects are, today, very uncertain, as the impact of the events described above will depend in large part on the unforeseeable duration and outcome of the current conflict.
The current hypothesis is one of reduced economic growth in Europe and in Italy, due to the effect of the increase in energy prices and raw material, that will aggravate the rise of inflation already underway. The hypothesis that regards the adoption of a less accommodating monetary policy by the ECB seems, as of now, without foundation, in light of the need to contrast the negative effects of the sanctions and the increase in energy costs and raw materials, and the expected rise in interest rates is therefore no longer a threat.
As indicated in the introduction, the Russia-Ukraine war represents a fact that does not require any adjustments to the balances of the financial statements (so-called “*non adjusting events*”), in that the event and the relative consequences manifested themselves subsequent to 31 December 2021.
Please note, however, that the Bank does not have any direct exposures relating to Russia and Ukraine.
Instead, as regards indirect effects, taking into account the elements of absolute risk regarding the evolution of the conflict and its consequences on the macro-economic scenarios, that are difficult to foresee, the Bank may, obviously, be exposed to an increase in credit risk, as regards both businesses and families; this issue is so relevant that the central government is considering aid measures similar to those set in place during the acute stage of the pandemic emergency. Furthermore, circumstances may come to pass that may impact company profitability, such as an increase in operating costs and fewer commissions from investment services.

Lastly, art. 42 of Law Decree 17/2022 (published in the Official Gazette of 1 March 2022) under comma 1, has provided that the reduction of the 12 percent share of the sum amount of negative components (write-back of receivables *ante* 2015) provided for, for the purpose of IRES and IRAP taxation, respectively by commas 4 and 9 of article 16 of Law Decree n. 83 of 27 June 2015 (Conv. Law. 132/2015), for the taxation period underway at 31 December 2021, is deferred, in constant quotas, to the taxation period underway at 31 December 2022 and to the three subsequent periods. The effect of this provision on the profit and loss account, if converted, will determine only a reclassification from pre-paid taxes to current taxes, for 2.7 million euro; similarly, there will be a lesser use of pre-paid tax receivables and a greater debt due to current tax liabilities.

Section 4 – Other aspects

Appointment of the Auditing Company

The Bank’s financial statements were submitted to audit by the company Deloitte & Touche s.p.a..

Use of estimates and assumptions in the preparation of the financial statements for the fiscal year

Preparation of the financial statements is also based on estimations and assumptions that may have significant effects on the values registered in the income statement, as well as on the information regarding potential assets and liabilities recorded in the financial statements. Calculating these estimations implicates the use of the information available and the application of subjective evaluations also based on acquired experience, used for the purpose of formulating reasonable assumptions regarding the relevance of management events. By their very nature, the estimations and assumptions used may vary from one period to another; therefore, it is not inconceivable that in subsequent fiscal years the values registered in the financial statements may differ even significantly, following changes in the subjective evaluations applied. The main items for which the use of subjective evaluations on the part of the Bank is mostly required are:

- The quantification of losses due to loss in value of receivables and, in general, of other financial assets;
- The determination of the fair value of financial instruments to be used for the purpose of information on the financial statements;
- The use of evaluation models to determine the fair value of financial instruments not traded on an active market;
- The evaluation of the congruity of the value of goodwill and of other intangible assets;
- The quantification of personnel funds and risk and expense funds;
- Estimations and assumptions regarding the recoverability of deferred tax assets.

The description of the accounting policies applied on the main financial statement aggregates provides the details and information necessary to identify the main subjective assumptions and evaluations used to prepare the fiscal year financial statements. For further detailed information regarding the composition and the relative entry values of the items involved in the aforementioned estimations, please refer to the specific sections of the Explanatory Notes.

Risks, uncertainties and effects of the Covid-19 pandemic

Below is the information required by Bank of Italy Communication of 21 December 2021, by means of which the specific information, introduced starting from the 2020 financial statements, regarding the uncertainties and impact of Covid-19, were reconfirmed for the 2021 reporting period as well, due to the continuation of the crisis and of the relative aid measures still in force.

Indeed, the principle factors of uncertainty that could affect the future scenarios in which the Group will operate must include the negative effects on the global and domestic economy that are directly or indirectly associated to the Coronavirus (Covid-19) epidemic.

The spread of the Covid-19 pandemic, and its implications for public health, for business activities and for commerce, almost two years down the line from the start of the health emergency, continue to significantly affect the markets in which the Bank operates.

Despite the impact of the pandemic on economic activities was significant mitigated during 2021, also thanks to the efforts of the vaccination campaign, the evolution of new variants of the virus during the last quarter has not permitted a significant reduction of those elements of uncertainty associated to the reboot of economic and productive activities, particularly as referred to those sectors most compromised by the health crisis. This recovery, in addition to being influenced by the evolution of the pandemic, will also depend on the efficacy and duration over time of the expansive aid measures – for household and business incomes, for credit to the economy and for market liquidity – undertaken by the competent authorities (governments, ECB, European Union...) in response to the health emergency.

As at the date of preparation of these financial statements, there is, however, significant uncertainty regarding the evolution of the new variants of the virus, and the effective implementation of the National Recovery and Resilience Plan by the federal government.

The extraordinary nature of the crisis underway is manifest in the documents issued, starting in the month of March 2020, by the various regulatory and vigilance authorities (hereinafter, the “Authorities”, for the sake of simplicity) and by standard setters, aimed at providing instructions and interpretations on how to apply the requirements of the international accounting standards within the context of Covid-19, also with the aim of preventing the development of pro-cyclical effects, but simultaneously ensuring correct and transparent information and risk assessment. The aforementioned documents also highlighted the need to provide updated information regarding the risks associated to Covid-19 that could impact the economical-equity and financial situation and any actions undertaken or planned to mitigate said risks, as well as an indication of potential impacts relevant to the estimation of future trends.

Some concepts regarding the recognition, classification, measurement, and derecognition criteria of “Financial assets measured at amortised cost”, represented by issued loans, adopted for the preparation of the financial statements for the fiscal period as at 31 December 2021, which were referred to for the purpose of treating the consequences of the Covid-19 pandemic, are described below. For the other recognition, classification, measurement, derecognition criteria relating to income components for balance sheet line items, please refer to Part A.2 of the Explanatory Notes.

Measurement of expected losses on credit exposures

As regards the calculation of expected losses at 31 December 2021, the Bank incorporated the macro-economic scenarios that integrate the effects of the COVID-19 health emergency, into its IFRS impairment model, maintaining the macroeconomic scenarios of 31 December 2020. The estimation of the forward looking elements to be included in the calculation of expected losses, in application of IFRS 9, developed by the IT outsources, and the macro-economic variables underlying the estimation of the base, best case and worst case scenarios used to determine the IFRS 9 ECL, are provided by the external service provider. The model develops 3 scenarios that include the forward looking elements in the calculation of expected losses, and at 31/12/2021 the worst case scenario was applied.

Moreover, on the moratorium positions and on those with moratorium expired from 1 January to 31 December 2021, the write-off add-ons determined during the 2020 fiscal year, as an outcome of the analysis by the Risk Management function, were maintained.

In particular, estimation of the impact of the pandemic was conducted by simulating a “shift" to 12 months in Stage 3 of moratoria loans in Stage 2, applying a Probability of Default (PD) at 12 months, classified by sector.

In particular: to the sectors considered of greater risk – as defined on the basis of the data contained in the Bank of Italy analysis “Covid-19 Notes-The effects of the pandemic on liquidity needs, on financial statements and on risk profiles of companies” of 13 November 2020 (hereinafter, also "Covid 19 Notes"), and of the specificity of the Bank’s lending portfolio (agriculture, artistic activities, commerce, construction, real estate, food industry, textiles, other and accommodation and restaurant services) – a PD at 12 months equal to 100% was applied, therefore hypothesizing that all moratoria loans granted to said sectors will migrate, over the next 12 months, from Stage 2 to Past Due.

In this way, therefore, a migration to Stage 3 was hypothesised for 2021 of 18.76% of the overall amount of loans in Stage 2.

For loans initiated within the scope of government guarantees made possible by the emergency legislation, the Board of Directors, based on a study conducted together with the IT outsourcer and with the aid of the company KPMG, approved a new method to calculate the impairment loss that takes into account the presence of the government backing, also in light of the relevance that said loans have acquired during the 2020-2021 fiscal periods.

In particular, for the part backed by government guarantees, the customer’s PD and LGD parameters are replaced by those of the guarantor, that is, the Italian State, while for the part that is not government backed, the customer’s parameters continue to be used.

Furthermore, the determination of the government backed part factorised in the so-called residual risk that is prudentially considered equal to 20%; therefore, in calculating the impairment loss, the guaranteed part is reduced by said percent[1].

The application of the new method has entailed lower impairment losses for overall 19 Mln/€, of which 1.5 Mln/€ on loans in Stage 1 and 0.4 Mln/€ on those in Stage 2.

Further, for government backed loans, as for moratoria loans, the add-on determined simulating a “shift” at 12 months to Stage 3 of all said loans in Stage 2, were maintained the same as for the 2020 fiscal year, applying a Probability of Default (PD) of 100% at 12 months to the following sectors: agriculture, artistic activities, commerce, construction, real estate, food industry, textiles, other and accommodation and restaurant services.

In this way, therefore, a migration to Stage 3 was hypothesised for 2021 of 11.98% of the overall amount of loans in Stage 2.

The entity of the impairment losses thus calculated (+7.5 Mln/€ on moratoria loans and +0.9 Mln/€ on government backed loans) was inserted as an add-on in credit losses as at 31/12/2021.

Contract modifications deriving from Covid-19

1) Contract modifications and accounting derecognition (IFRS9)

The Bank adopted a policy that disciplines how to manage contract modifications relative to financial assets.

With the intent of providing aid to counterparties struck by the suspension or limitation of economic activities due to the Covid-19 crisis, the Bank granted various support measures to families and businesses, both as provided for by government interventions and based on bilateral initiatives within the scope of ABI agreements, including the suspension of payments and/or the postponement of the deadlines for existing loans (so-called moratoria).

On this matter, please note that for the classification of moratoria granted starting from the months of March 2020 and up to the month of November 2020, the Bank applied the so-called “*temporary framework*”, introduced by the

[1] For example: in case of an 80% government guaranty, the exposure is considered guaranteed for 64% (80%-20%*80%).

guidelines published by EBA on 2 April 2020, that provides for the exemption from the evaluation of financial difficulty ("*forbearance*") for those measures falling under the scheme of a "general payment moratorium".
From the month of November 2020 and up to 31 March 2021 the Bank took advantage of the postponement granted by the EBA for the application of the aforementioned *"temporary framework"* up to 31 March 2021, provided that the moratoria suspension period was not longer than nine months overall.
Starting from the month of April 2021, the Bank therefore restarted the process for verification of the status of financial difficulty, for the purpose of ascertaining the existence of the prerequisites for the classification of the exposures as "forbearance".
Nevertheless, following EBA clarifications issued on 29/01/2021 - in which, as shown, it is specified that, also for moratoria by law, if the overall duration of the payment suspension periods agreed on for a loan exceeds nine months, the flexibility granted applies only up to the end of the nine months – during the month of April, the Bank started the process to analytically assess all loans with moratoria granted to customer *ex lege* for the purpose of ascertaining the existence of the prerequisites for the classification of the exposures as "forbearance", completing the process in July.
At 31 December 2020, for Banca Cambiano, the volume of exposures benefitting from Covid-19 aid measures represented by moratoria amounted to € 533.66 million, while at 31 December 2021 the volume of the same exposures amounted overall to € 1.5 million, € 91 thousand of which referred to the ABI-Consumers Agreement and € 1.41 million to 'art. 54 L.Decree n. 18/2020 (converted by Law n. 27/2020).
Of said moratoria, 60.11% is relative to customers classified as in bonis stage 1, and 39.89% to customers classified as in bonis stage 2.
Of the 533 Mln/€ in moratoria loans existing at 31.12.2020, as at 31.12.2021, 96.91% is classified in bonis, 0.09% is expired impaired, 2.21% probable default and the remaining 0.79% non-performing.

2) Amendment to the IFRS 16 accounting standard
The amendment made to IFRS 16 regarding contract modifications for passive leasing agreements made to take into account the situation caused by the Covid-19 pandemic did not have any significant effects on the Bank, as no modifications were made to passive leasing agreements during the 2021 fiscal year.

A.2 – Part related to the principle line items of the financial statements

1. Financial assets measured at fair value with impact on profit and loss account (FVTPL)

Classification criteria
This line item includes all financial assets other than those classified in the portfolio of financial assets measured at fair value with impact on total profits and in the portfolio of financial assets measured at amortised cost. Specifically, this line item includes:

- financial assets held for trading, represented by debt securities, capital Securities, lending, shares of CIUs and the positive fair value of derivative contracts, purchased and held for sale in the short-term to generate revenue from trading. This category also includes capital instruments, not qualified as control, joint-control or connection and for which were not designated at fair value with impact on total profits on initial measurement;
- assets measured at fair value, such as debt Securities or lending, as defined at the moment of initial measurement, were the prerequisites required by IFRS 9 do not exist;
- other financial assets obligatorily measured at fair value, represented by debt securities, lending and shares of CIUs, that do not meet the requirements for measurement at amortised cost or at fair value with impact on total profits. These are, substantially, financial assets with contract terms that do not allow passing the so-called "SPPI test" or that are not held within the framework of a "Held to Collect" or "Held to Collect and Sell" business model.

The general rules regarding the reclassification of financial assets outlined by IFRS 9 do not allow reclassification of financial assets in other categories unless the entity modifies its business model for the management of financial assets. In such cases, not frequent however, the financial assets may be reclassified from the current category in one of the other two categories provided for by the principle (financial assets measured at amortised cost or financial assets measured at fair value with impact on total profits) and the carrying amount will be represented by the fair value at the moment of reclassification. The effects of the reclassification will be prospective starting from the date of reclassification In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the date of reclassification and this date is considered the date of initial measurement for al location to the various credit risk stages for the purpose of impairment.
For more information regarding financial asset classification criteria, please consult the next section, "Financial asset classification criteria".
Recognition criteria
Financial assets are initially recognised at the date of settlement for debt Securities, at the date of granting for lending and at the date of undersigning for derivative contracts. Financial assets measured at fair value with recognition of

income effects through profit and loss are initially recognised at their fair value, which generally corresponds to the amount paid. Any costs/income for the transaction directly attributable to the instrument itself, incurred or collected in advance and that do not represent recovery of expenses (such as brokerage fees, placement, stamp duties, etc.) are instead recognised in the income statement.

Measurement criteria

Subsequent to initial recognition, financial assets measured at fair value with recognition of income effects through profit and loss are valued at fair value. The effects of the application of this measurement criteria are allocated to the Income Statement. The fair value of financial assets listed in active markets is determined with reference to market listings. In the absence of an active market, estimates and measurement models are used that take into account all the risk factors correlated to the instruments. For capital securities and derivative instruments based on capital securities, that are not listed on an active market, cost is used to estimate fair value only residually and limited to just a few circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

Profit and loss deriving from variations in fair value of financial assets held for trading are recognised for overall "imbalance" at line item 80 "Net trading result" in the income statement, including those relative to derivative instruments, while profit and loss deriving from variations in fair value of financial assets measured at fair value and financial assets obligatorily measured at fair value are recognised for overall "imbalance " at line item 110, including the results of measurement at fair value of such assets.

2. Financial assets measured at fair value with impact on total profits (FVOCI)

Classification criteria

This line item includes all financial assets that meet two requirements: they are held based on a "Held to Collect and Sell" business model and the contract terms provide for cash flows represented solely by repayment of principal and interest, so the so-called "SPPI test" is passed. In order for a financial asset to be classified in this category or in the category of financial assets at amortised cost (see the next point), in addition to satisfying the business model requirement for which it was purchased, the contract terms of the asset itself must provide for cash flows represented solely by repayment of principal and interest on principal amount to be repaid at fixed dates ("Solely Payment of Principal and Interest" - SPPI). The SPPI test must be performed on recognition of the asset in the balance sheet while, subsequently to initial recognition and as long as the asset is booked in the balance sheet, it is not longer subject to new measurement for the purpose of the SPPI test. This line item also includes capital instruments not held for trading for which, on initial recognition, the option to recognize at fair value with impact on total profits was exercised.

For greater information regarding the classification criteria for financial instruments, please consult the next section, "Classification criteria of financial assets".

Recognition criteria

Financial assets measured at fair value with impact on total profits are recognised in the balance sheet at fair value, which generally corresponds to the paid amount. Any trading costs/income directly attributable to the asset, incurred or received in advance and that do not represent recovery of expenses, are capitalized on the initial value.

Measurement criteria

Subsequent to initial recognition, assets classified at fair value with impact on total profits continue to be measured at fair value. For capital securities not listed on active markets and included in this category, the cost criterion is used to estimate the fair value only residually and limited to a small number of circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

As regards debt securities, gains/losses are recognised in shareholders' equity reserves until the financial asset is derecognised, save for the effects of impairment and any exchange rate effect, which are recognised in the income statement. On disposal, the cumulative gains or losses are recognised in the income statement under item 100 "Gains/losses from disposal or repurchase". Loss in value is booked at line item 130 of the income statement "Net adjustments/write-backs due to impairment". Increases in value due to the passage of time are booked in the income statement as earned interest. Capital instruments for which the option to classify in this category has been exercised, are recognised at fair value (or, residually, at cost if the fair value cannot be calculated) and the amounts booked as a contra-entry for shareholders' equity will not be transferred to the income statement, even if they are sold. As provided for by IFRS 9, the only component connected to these instruments that is recognised in the income statement is represented by the respective dividends.

3. Financial assets measured at amortised cost

Classification criteria
This category comprises financial assets that meet both the following requirements:
- the objective of the relative business model is the collection of contractual cash flows ("HTC" business model);
- the contractual terms of the financial asset provide solely for repayment of principal and payment of interest on the amount of principal to be repaid at fixed dates (so-called "SPPI test" passed).
More specifically, this line item includes:
- lending to banks that meets the above requirements;
- lending to customers that meets the above requirements;
- debt securities that meet the above requirements.
Based on the general rules set out in IFRS 9 regarding the reclassification of financial assets reclassification to other categories of financial assets is permitted only if the entity changes its business model for management of financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category of financial assets measured at amortised cost to one of the other two categories provided for by IFRS 9, "Financial assets measured at fair value with impact on total profits" or "Financial assets measured at fair value with recognition of income effects through profit and loss". The carrying amount is represented by the fair value at the reclassification date and the effects of the reclassification shall be prospective starting from the reclassification date. Gains and losses resulting from the difference between the amortised cost of the financial asset and the respective fair value are recognised in the income statement in case of reclassification to "Financial assets measured at fair value with recognition of income effects through profit and loss" and in Shareholders' equity, in the specific revaluation reserve, in case of reclassification to "Financial assets measured at fair value with impact on total profits". For more information regarding financial asset classification criteria, please consult the next section, "Financial asset classification criteria".
Recognition criteria
Financial assets are initially recognised at the date of settlement as regards debt securities and at the date of disbursement as regarding loans. On initial recognition, assets are booked at fair value, comprehensive of transaction costs or income directly attributable to the instrument itself.
Measurement criteria
Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Thus, the asset is recognised in the balance sheet for an amount equal to the initial value of recognition less repayment of principal, plus or minus cumulative amortisation (calculated using the above-mentioned effective interest rate method) of any difference between the amount disbursed and the amount payable on maturity (typically comprising costs/revenues attributable directly to the asset) and adjusted based on any hedging for losses. The effective interest rate is determined by calculating the rate equal to the current value of future cash flows for the asset, both principal and interest, on the sum disbursed, comprehensive of costs/revenues attributable to the asset itself. This accounting method, based on financial logic, allows distributing the economic effect of costs/revenues directly attributable to a financial asset along its entire expected residual life. The amortised cost method is not used for short-term assets measured at historic cost where discounting is deemed to have a negligible effect, for those with a fixed payment date and for those that are repayable on demand. Measurement criteria are closely connected to the inclusion of the instruments in question in one of the three credit risk stages provided for by IFRS 9, the last of which (stage 3) comprises impaired financial assets, while the first two (stages 1 and 2) comprise performing financial assets. As regards the booking of the aforementioned measurement effects, the value adjustments related to this type of asset are booked to the income statement:
- on initial recognition, for an amount equal to the expected loss at twelve months;
- on the next valuation of the asset, where the credit risk has not increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the next twelve months;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the asset's entire residual contractual life;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, where the "significance" of the increase has subsequently ceased to exist, in relation to the correction of cumulative value adjustments to take into account passing from expected loss over the entire residual life-time of the instrument to expected losses over a period of twelve months. If the financial assets in question are performing assets, they are subject to valuation, aimed at defining the value adjustments to be recognised in the balance sheet, as individual receivables or securities, based on parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD) specifically provided for by the IFRS 9 accounting standard. If, in addition to a significant increase of the credit risk, there is also objective evidence of a loss of value, the amount of the write-down is measured as the difference between the balance sheet value of the asset, classified as "impaired", as for all other positions with the same counterparty, and the current value of expected future cash flows, discounted by the original effective interest rate. The amount of the write-down, to be recognised in the income statement, is defined based on an analytical measurement process or determined by category and, therefore, analytically attributed to each position

and takes into account forward looking information and possible alternative recovery scenarios. Impaired receivables include financial instruments those that are considered non-performing, probably non-performing or overdue/past-due for more than ninety days, as per Bank of Italy regulations, in compliance with IAS/IFRS and European regulatory regulations. Expected cash flows take into account forecast recovery times and the estimated realizable value of any collateral. If the reasons for write-down are removed following an event occurring subsequent to recognition of the write-down, write-backs are entered in the income statement. Value recovery cannot exceed the amortised cost that the financial instrument would have had without the previous adjustments. Reversal of impairment loss due to Value recoveries connected to the passage of time are booked to the income statement. In some cases, during the life of the financial assets in question and, specifically, of receivables, the original contractual conditions are modified by the contract parties. If the contractual clauses are modified during the life-span of a financial instrument, it must be ascertained whether the original asset must continue to be recognised in the balance sheet or if, to the contrary, the original asset should be derecognised, with recognition of a new financial instrument. In general, changes to a financial asset lead to derecognition of the asset and recognition of a new asset when the changes in question are "substantial". The analyses (qualitative and quantitative) aimed at defining the "substantiality" of contract modifications made to a given financial asset must, therefore, take into account the reason for the changes in question, for example, renegotiation for commercial reasons and renegotiation for financial difficulty of the counterparty. The first type of renegotiation, aimed at "holding onto" the customer, involve a debtor who is not in financial difficulty. These situations include all renegotiations aimed at adjusting the burden of the debt to market conditions. These operations entail a variation of the original contract conditions, usually by requested by the debtor, regarding aspects related to the cost of the debt, with a consequent economic benefit for the same debtor. Generally speaking, it is our opinion that every time the bank renegotiates in order to avoid losing a customer, the renegotiation should be considered substantial in that, were it not carried out, the customer could seek financing from another broker and the bank would suffer a loss of expected future revenue. The second kind, carried out for "credit risk reasons" (forbearance measures), are the bank's attempt to maximize recovery of the cash flow of the original receivable- The underlying risks and benefits, subsequent to the changes, are generally not transferred and, consequently, the accounting representation that provides the most relevant information for balance sheet interpretation is through "modification accounting", that entails recognition in the income statement of the difference between booking value and current value of the modified cash flow discounted by the original interest rate and not through derecognition.

Derecognition criteria

Financial assets are derecognised only if the sale of the assets has substantially transferred all the related risks and benefits. Contrarily, if a significant amount of risks and benefits related to sold financial assets is retained by the transferor, the assets in question will continue to be recognised on the balance sheet, even though the official title has been transferred. If ascertaining the substantial transfer of risks and benefits is not possible, the financial assets are derecognised from the financial statements if no control whatsoever is retained over the assets in question. Contrarily, retention, even in part, of control entails recognition of the assets in the balance sheet for the amount equal to the residual participation, measured by exposure to changes in value of the transferred assets and to the variations of asset cash flows.

Recognition of income components

As regards instruments measured at amortised cost (receivables from banks and receivables from customers), interest is calculated using the effective interest rate, that is, the rate that exactly discounts cash flows during the expected life of the instrument (IRR rate).

The IRR, and therefore the amortised cost, are determined taking into consideration any discounts or premiums on purchase, costs or fees that are an integral part of the amortised cost.

Interest on impaired receivables are calculated on the net exposure of the Expected Credit Losses.

Value adjustments or write-backs, deriving from the Expected Credit Losses model that has been adopted, are booked in the income statement at line item "Net adjustments/write-backs due to impairment".

Any amounts deriving from adjustments made to book values for financial assets so as to reflect the modifications made to contract cash flows that do not result in booking derecognition, are booked in the income statement within the item "Profits/losses due to contract modifications without derecognition".

4. Hedges

Banca di Cambiano 1884 s.p.a. avails itself of the faculty, provided for on introduction of the IFRS 9 accounting standard, to continue to fully apply the provisions of the IAS 39 accounting standard regarding hedge accounting for all types of hedging transactions.

Classification criteria

Risk hedging transactions are aimed at neutralizing potential losses, attributed to a given risk and measured on a given element or group of elements, where the particular risk in question should manifest itself. The following types of hedging transactions are used:

- fair value hedging aims to hedge exposure to changes in the fair value of assets and liabilities entered on the balance sheet, or quotas thereof, as permitted by IAS 39 and approved by the European Commission. General hedging of fair value ("macro hedge") aims to reduce fluctuations, in the fair value, attributable to interest rate risks, of a monetary amount, deriving from a portfolio of financial assets or liabilities;
- cash flow hedging aims to hedge exposure to variations in future cash flow attributable to specific risks associated to balance sheet items;
- currency investment hedging refers to hedging foreign currency exposure of investments in foreign enterprises.

Recognition criteria

Hedge instruments, like all derivatives, are initially recognised and subsequently measured at fair value.

Measurement criteria

Hedge instruments are measured at fair value. For fair value hedges, fair value variations of the hedged element are offset by the fair value variations of the hedging instrument. This compensation is recognised by entry in the income statement of the variations in value, of both the hedged element and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect. For generic fair value hedges ("macro hedge"), the fair value variations referred to the hedged exposure of the assets and liabilities being hedged are allocated to overall profitability, respectively to line item 60 "Adjustment of value of generic hedges for financial assets" or to line item 50 "Adjustment of value of generic hedges for financial liabilities". As regards cash flow hedges, variations in the fair value of the derivative are allocated to shareholders' equity, for the effective quota of the hedge, and are recognised in the income statement only when, with reference to the hedged item, there are cash flow variations to be offset of if the hedge is ineffective. Currency investment hedges are booked in the same way as cash flow hedges. The derivative instrument is designated as a hedge if the hedge relationship between the hedged instrument and the hedging instrument is formally documented and if it is effective from the time hedging initiates and, prospectively, for its entire duration. Hedge effectiveness depends on the extent to which variations of fair value of the hedged financial instruments of relative expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is determined by comparing the above variations, taking into the account the intent of the company when the hedge was initiated. A hedge is effective when the variations in fair value (or in the cash flows) of the hedge financial instrument almost entirely sterilize, that is within the range of 80-125%, the variations of risk of the hedged instrument. An effectiveness test is conducted at the close of financial statements. The measurement of effectiveness is performed at each balance sheet closing date. If a generic fair value generic hedge relationship is interrupted, cumulative value adjustments/write-downs entered at line item 60 "Adjustments of value of generic hedges for financial assets" or 50 "Adjustment of value of generic hedges for financial liabilities" are recognised in the income statement as earned interest or interest expenses for the residual duration of the original hedging relationship, provided that the hedging requirements continue to exist.

5. Equity investments

Classification criteria

Shareholdings that entail control, joint control or significant influence are allocated to the equity investments portfolio. Control is presumed when more than 50% of the voting rights that can be exercised at shareholders' meetings are held, either directly or indirectly. Significant influence is exercised when the shareholder holds, directly or indirectly, a share equal to or greater than 20% of the voting rights. Significant influence is also exercised in the case of a holding of less than 20% when the following circumstances exist: a) representation on the board of directors; b) participation in the decision-making process with reference to decisions regarding dividends; c) there are major operations between the investor and the subsidiary. Joint control is when voting rights and control of the subsidiary is shared with other parties.

Recognition criteria

The line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognised at purchase cost, supplemented by directly attributable costs.

Measurement criteria

Equity investments are measured with continuity using the "equity" method. Equity investments in subsidiaries, jointly held companies or companies subject to significant interest are measured at cost, and the accounting value increases or decreases to reflect the share of subsidiary profits or losses, realized after the purchase date, to which the shareholder is entitled. The dividends received from a subsidiary reduce the accounting value of the shareholding. Adjustments to the accounting value might be required due to modifications of the share owned by the investor in the subsidiary, deriving from modifications of the shareholders' equity of the subsidiary.

Derecognition criteria

Financial assets are derecognised when the contractual rights to the cash flows deriving from such assets expire or when the financial asset is sold, transferring all of the risks and benefits connected to it.

Criteria for recognition of income components

Dividends paid by the subsidiary and generated subsequent to the purchase date are allocated to line item 220 of the income statement, “Profit/loss from equity investments”. The result of the measurement of “shareholders’ equity” are recognised in line item 220 of the income statement, “Profit/loss from equity investments” when they were included in the income statement of the subsidiary; when, instead, they were not included in the income statement of the subsidiary, they are allocated to Liability line item 110 “Valuation reserves”. Profit or loss deriving from the sale of equity investments are recognised in line item 220 of the income statement, “Profit/loss from equity investments”.

6. Property, plants and equipment

Recognition criteria

Property, plants and equipment, both instrumental and not, are initially recognised at a value equal to the cost, comprehensive of all costs directly connected to the putting into use of the asset and non-recoverable purchase taxes and duties. The value is subsequently increased of costs incurred for which future benefits are expected. The costs of ordinary maintenance on the asset are recognised in the income statement of the year during which they are incurred.

Measurement criteria

After initial recognition, property, plant and equipment are recognised in the financial statements at cost net of accumulated depreciation and losses of value. Property, plants and equipment are systematically depreciated in every fiscal year based on their useful life, using the straight-line method. The following categories are not subject to depreciation:

- Land, be it purchased separately or incorporated in the value of buildings, in that considered assets with an indefinite useful life. If the value of the land is incorporated in the value of the buildings, it is considered an asset separable from the real properly; the value of the land is separated from the value of the buildings, determined on the basis of specific independent expert appraisals only for “from the earth to the sky” buildings;
- Art work, which has an indefinite useful life and a value that is generally destined to increase over time.

The depreciation process begins when the asset becomes available for use.

Property, plants and equipment purchased through financial leasing agreements

IFRS 16 is based on the concept of transfer of the right to use a leased asset; therefore, the contract is, or contains, a lease if, in exchange for compensation, it confer the right to control use of a specific asset for a given period of time. This concept broadens the scope of application of the standard that was adopted to book rental, hire, lease and other similar agreements. The standard cancels the accounting dualism between financial leases and operating leases for lessees, defining a single accounting model that requires recognizing:

- A right of use in the assets of the balance sheet (Right of Use, RoU);
- A lease liability in the liabilities of the balance sheet (Lease Liability, LL);
- In the income statement, the amortisation of the right o fuse and the financial charges calculated on the lease liability.

At initial recognition, the lease liability is equal to the current value of payments due for the lease, discounted at the implicit rate of interest for the lease, where it can be calculated easily, or alternatively at the Bank’s incremental borrowing rate. At initial recognition, the right o fuse is equal to the initial measurement of the lease liability, increased of the payments due for the lease settled at or prior to the date of coming into effect, net of lease incentives, initial direct costs incurred by the lessee and the estimated costs that the lessee will have to sustain to dismantle or remove the asset or restore it to the conditions provided for in the contract. The right o fuse and the lease liability must be booked in property, plants and equipment and the lease liability at amortised cost.

Derecognition criteria

Property plants and equipment are derecognised when sole or retired from use or when subsequent to sale it is not expected to generate future economic benefits.

Criteria for recognition of income components

Systematic depreciation is allocated to the income statement at the line item “Net adjustments/write-backs of value to property, plants and equipment”. In the fiscal period in which the asset is recognised for the first time, the depreciation rate applied takes into account the date in which the asset is available for use. Gains and losses deriving from disposal of property, plant and equipment are calculated as the difference between the net sale price and the asset’s carrying amount, and are recognised in the income statement at the same date as the write-off from accounts. The line item “Gains/losses on disposal of investments” is the balance, positive or negative, between gains and losses from the disposal of property, plant and equipment.

7. Intangible assets

Classification criteria

Intangible assets include non-monetary assets without physical substances held to be used for a multi-year or indefinite amount of time, which meet the following characteristics:

- identifiable;
- under the control of the company;
- Capable of generating probable future economic benefits for the company;
- The cost of the asset may be measured reliably.

In absence of one of the aforementioned characteristics, the cost to purchase or generate the same internally is registered as a cost in the fiscal year in which it was sustained. Intangible assets include, in particular, application software for multi-year use and other identifiable assets that arise from legal or contractual rights. Expenses for improvements to third party assets (branch offices being rented) were recognised in Asset line item 150 “Other assets”; the relative amortisation was proportional to the duration of the leases. Within the scope of a company merger, the IFRS3 principle establishes that at the date of purchase of the control, the purchaser must classify or designate the purchased intangible assets. As regards the definition of intangible elements, the principle identifies intangible elements purchased in company merger as identifiable non-monetary assets with no physical substance. Goodwill is represented by the positive difference between the purchase cost and the fair value of assets and liabilities acquired within the scope of the company merger.

Recognition criteria

Intangible assets are recognised at cost, adjusted for accessory costs sustained to prepare for use of the asset. Within the scope of a company merger, the purchaser must classify or designate the intangible assets acquired, and recognize them at fair value. Goodwill, recognised in the assets at the date of purchase, is initially valued at cost. On a yearly basis, or any time there is evidence of impairment, an impairment test will be carried out on the adequacy of goodwill, in conformity with the provisions of IAS n. 36. The amount of the impairment loss is calculated as the negative difference, if any, between the goodwill value recorded and its recoverable amount. This recoverable amount is equal to the greater between the fair value of the cash-generating unit, net sale price of the asset, and its usage value. The resulting value adjustment are recognised in the income statement at item “Adjustments to value of goodwill”. Any impairment loss recognised for goodwill cannot be derecognised in the subsequent fiscal year.

Measurement criteria

Subsequent to initial recognition, intangible assets of limited duration are recognised at cost, net of accumulated amortisation and of accumulated impairment loss. Amortisation begins when the asset becomes available for use, that is to say, when it is in the appropriate place and in suitable conditions to operate in the expected manner, and ceases when the asset derecognised. Amortisation is calculated using the straight-line method, so as to reflect the multi-year use of the asset based on the estimate made of the residual useful life. At the end of each fiscal year, if there is evidence of impairment, the recoverable value of the asset is estimated. The write-down, recognised in the income statement, is equal to the difference between the asset’s carrying amount and its recoverable value.

Derecognition criteria

Intangible assets are derecognised from the balance sheet upon disposal or when no future economic benefits are expected.

Criteria for recognition of income components

Both amortisation amounts and any adjustments/write-backs due to the impairment of intangible assets, other than goodwill, are allocated to line item “Net adjustments/write-backs of intangible assets” of the income statement. Value adjustment for goodwill are allocated to line item “Adjustments to value of goodwill”. Gains and losses deriving from disinvestment or disposal of intangible assets are calculated as the difference between the asset’s net sale price and carrying amount and are recognised in the income statement. The item “Gains (losses) from the disposal of investments includes the balance, positive or negative, between gains and losses from the disposal of investments.

8. Other assets

Other assets essentially include items awaiting allocation and entries that cannot be allocated to other line items of overall profitability, among which, receivables deriving from the supply of non-financial goods and services, fiscal entries other than those allocated to the respective line item, and accrued income and prepayments other than those capitalized on the respective financial assets. The Bank has included among other assets tax receivables for tax bonuses purchased on disposal by the direct beneficiaries or previous purchasers, connected to the “Cura Italia” and “Rilancio” decrees (refer to the section “other information”).

9. Non-current assets or groups of assets/liabilities in the course of divestment

This item includes non-current assets destined to be sold. These assets are measured at the lesser value between the booking value and fair value, net of sale expenses. If they have been subject to amortisation, this process also ceases with the sale. As they are sold operating elements, balance sheet items and the relative economic results are shown separately in the balance sheet and in the income statement. As at the date of these financial statements, the Bank holds no assets that fall under this category.

10. Current and deferred taxation

This line item includes:

- Current tax receivables;
- Pre-paid tax receivables in offset to the income statement;
- Tax receivables in shareholders' equity;
- Current tax liabilities;
- Deferred tax liabilities in the income statement;
- Deferred tax liabilities deferred in shareholders' equity.

Classification criteria

Current tax assets and liabilities.

Current taxes for the fiscal year and for previous fiscal years, to the extent to which they have not been paid, are recognised as liabilities; any amount paid in excess of the amount due is recognised as an asset.

Deferred tax assets and liabilities

Pre-paid tax assets, relative to momentary deductible differences or to future tax benefits resulting from the carry-forwards of tax losses, are booked in the balance sheet to the extent that there is a probability of recovery, measured on the basis of the capacity of the company involved or of the untaxed reserves, consolidating company, by effect of the option regarding the so-called "national fiscal consolidation", to continue to generate taxable income in future fiscal years. Deferred tax liabilities are booked in the balance sheet, with the sole exception of the higher values of the asset represented by untaxed reserves, in that the available taxed reserves are such that it may reasonably be held that transactions that require their taxation will not take place. Pre-paid and deferred tax assets are recorded in the balance sheet, without offsets, respectively as "Tax receivables" and "Tax liabilities".

Recognition and measurement criteria

Effects relative to current, pre-paid and deferred taxes are recognised by applying the current tax rates or, where known, the expected tax rates. Provisions for income taxes are calculated based on a prudential estimation of the current tax charge, the pre-paid charge and the deferred charge. Specifically, pre-paid and deferred taxes are calculated based on the momentary differences and without time limits between the value attributed to an asset or liability according to civilistic criteria and the corresponding values taken for tax purposes.

Derecognition criteria

Tax assets and liabilities, both current and deferred, are appropriately reversed on settling the tax payments and/or when there are changes to existing tax legislation.

Criteria for recognition of income components

Income tax is recognised in the income statement, with the exception to taxes relative to items debited or credited directly to shareholders' equity.

11. Risk and expense funds

Funds are defined as a liability with an uncertain maturity date or amount. Risk and expense funds are subdivided into:

- Risk and expense funds related to commitments and issued guarantees. This sub-item includes provisions for commitments to disburse funds and issued guarantees that fall within the perimeter of application of impairment regulations pursuant to IFRS 9. For these cases, le same allocations methods are adopted for the various credit risk stages and calculation of losses as already described in reference to financial assets measured at amortised cost;
- Funds for pensions and similar commitments. These funds are constituted pursuant to company agreements and are identified as "defined benefit assets". Liabilities relating to these plans are determined based on actuarial assumptions, applying the "projected unit credit" method. Actuarial gains and losses, deriving from variations in the current value of the commitment due to changes in the actuarial assumptions, are recognised in the schedule of overall profitability;
- Other risk and expense funds. Other risk and expense funds are represented by other provisions regarding legal obligations or obligations connected to work relationships or controversies, including tax claims. The provision is recognised in accounting if and only if there is a current obligation (legal or implicit) resulting from a past event and it is probable that in order to fulfil the obligation it will be necessary to use resources to produce economic benefits and a reliable estimation may be made of the amount deriving from fulfilment of the obligation. The amount registered as provision represents the best possible estimate of the resources required to settle the existing obligation as at the date of reference of the financial statements and reflects the risks and uncertainties that inevitably characterize a plurality of facts and circumstances. The amount of the provision is represented by the current value of the expenses that it is expected will be necessary to fulfil the obligation, where the effect of the current value is a significant aspect. The future facts that may influence the amount required to fulfil the obligation are taken into consideration only if there is sufficient objective evidence that said events will occur.

In the event of a merger, the IFRS3 standard, derogating from the IAS 37 standard, provides that, at the date of acquisition, the purchaser must recognise a potential liability assumed in a company aggregation, in the case of a current obligation deriving from past events, the fair value of which (*equo* value) can be reliably determined. Therefore, contrary to IAS 37, the purchaser recognises a potential liability assumed in a company aggregation at the date of purchase if it is improbable that, in order to meet said obligation, it will become necessary to use resources that would produce economic benefits.

12. Financial liabilities measured at amortised cost

Classification criteria

Payables to banks, payables to customers, outstanding securities and other financial liabilities include the various forms of interbank and customer funding, as well as liabilities for financial leases. In particular, the sub-item "Outstanding securities" include Securities issued (including subordinate loans, savings certificates, certificates of deposit), net of repurchases.

Recognition criteria

These financial liabilities are initially recognised on the date of receipt of the deposited sum or of the issue of the debt securities. The liabilities are initially recognised at their fair value, generally equal to the amount collected or to the issue price, increased by any additional costs or revenues directly attributable to the individual funding or issue transaction and not reimbursed by the creditor. In-house administrative costs are not included in the item. The fair value of financial liabilities issued at conditions inferior to market conditions, relative to listed Securities, is subject to a specific estimation and the difference with respect to the market value is booked directly in the income statement. As regards payables for leases, at the effective as of date for the lease agreement, the Bank measures the financial liability based on the current value of future payments due for the lease. They payments are discounted using the implicit lease interest rate.

Measurement criteria

After initial recognition, financial liabilities are valued at amortised cost using the effective interest rate method, with the exception of short-term liabilities, for which the time factor is negligible and which, therefore, continue to be entered at the collection value and for which any attributable costs are booked in the income statement linearly for the contract duration of the liability.

Derecognition criteria

Financial liabilities are derecognised from the balance sheet when they are expired or settled. Derecognition occurs also in case of repurchase of previously issued securities. The difference between the book value of the liability and the amount paid to purchase it is recorded in the income statement. The reissue on the market of own repurchased securities is considered a new issue, with recognition at the new issue price, without any effects in the income statement.

Criteria for recognition of income components

The negative income components represented by interest expenses are booked by accrual method, in the interest line items of the income statement. Any difference between the repurchase value for own issue securities and the corresponding book value for the liability is recognised in the income statement under the item Gains/losses from disposal or repurchase.

13. Financial liabilities from trading

Recognition criteria

These financial instruments are recognised on the date of undersigning or of issue, at a value equal to the fair value of the instrument, without considering any transaction costs or revenue directly attributable to the instruments themselves. This line item includes derivative contracts held for trading with a negative value.

Measurement criteria

All trading liabilities are measured at fair value and booked to the income statement.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contract rights on the respective cash flows expire or when the financial liability is sold, with substantial transfer of all risks and benefits deriving from property of the liability in question.

14. Financial liabilities measured at fair value

Financial liabilities measured at fair value include liabilities for which the so-called fair value option applies. The Bank has no financial liabilities measured at fair value.

15. Transactions in foreign currency

Classification criteria

Transactions in foreign currency consist of all assets and liabilities denominated in currency other than the Euro.

Recognition criteria

Transactions in foreign currency are registered, at the time of initial recognition, in Euro, applying the exchange rate in effect as of the date of the operation to the amount in foreign currency.

Measurement criteria

As of the close of the fiscal year, the conversion of monetary assets and liabilities in foreign currency is done using the spot exchange rate on that date.

Criteria for recognition of income components

Exchange rate differences of operations in foreign currency are recognised in line item 80 of the income statement "Net trading result".

Other information

Treasury shares

Any treasury shares held in portfolio are recorded as a reduction to shareholders' equity. Similarly, the original cost of treasury shares and gains or losses deriving from the subsequent sale thereof are recorded as movement in shareholders' equity.

Accruals and deferrals

Accruals and referrals, regarding charges and income competence of the fiscal year accrued on assets and liabilities are attributed to adjustment of the assets and liabilities to which they refer; if they cannot be thus allocated, they will be registered as "Other assets" or "Other liabilities".

Costs for lease improvements

Costs for restructuring of leasehold property are capitalised taking into consideration the fact that, for the duration of the lease, the user company controls the property and may gain future economic benefits from it. The aforementioned costs, booked among "Other assets", are amortised for a period no longer than the duration of the lease agreement.

Employee severance pay

Employee severance pay was recorded based on the actuarial value calculated yearly by an independent accountant. To calculate this value, the projected unit credit method is used, which projects future expenses based on historical, statistical and probabilistic analysis, in addition to applying appropriate demographic techniques, and the rate used is the market interest rate. Contributions paid in each fiscal year are considered separate units and measured individually for the purpose of determining the final amount due. Following entry into force of the supplementary social security/pension scheme plan reform, as per Italian Legislative Decree n.252 of 5 December 2005, the severance pay quotas accrued as at 31 December 2006 remain in the company accounts, while quotas accrued subsequently are either destined to supplementary social security plans or to the INPS Treasury Fund, based on the personal choice of each employee. Starting from the 2012 fiscal year, variations to actuarial components relating to severance pay are booked with an impact on net equity and are therefore shown in the schedule of overall profitability.

Issue of Additional Tier 1

As indicated in the section regarding "capital adequacy and regulatory ratios" of the report on management, the amount of issued AT1 instruments increased by 17,000,000.00, from 10,000,000.00 at 31/12/2020 to 27,000,000.00 at 31/12/2021. The Bank issued Additional Tier 1 instruments for the amount of 5,000,000.00 in March 2021, for 5,000,000.00 in August 2021, and for 7,000,000.00 in December 2021. Specifically, these were subordinate instruments classified in Additional Tier 1 capital, pursuant to Regulation n. 575 of 2013 (CRR). The securities are permanent and may be called in by the issuer, subordinate to authorization by the competent Authority, at any reimbursement date starting from the 5th year from the date of issue. The initial interest rate is different for the various issues and will be used to calculate the coupons paid in the first 5 years from the date of issue. When this term has passed, the interest rate will be recalculated based on the euro mid-swap rate at 5 years at the date of the recalculation, increased as per the regulations for each individual loan. This interest rate will be used for the payment dates that fall within the next 5 years. The interest rate will be recalculated every 5 years as described above. In accordance with the provisions of the CRR for AT1 instruments, the issuer has full discretional capacity in not paying out the coupons, for any reason and for un unlimited amount of time; derecognition is instead obligatory in the event of specific circumstances, including the occurrence of a trigger event, as illustrated in the paragraph that follows. Please note that interest is not cumulative: any amount that the issuer decides not to pay (or would be obliged not to pay) will not be accumulated or payable at a later date. Additionally, regulations regarding these types of loans provide that at the occurrence of a trigger event, or should the Common Equity Tier 1 (CET1) of Banca Cambiano 1884 (or the consolidated CET1) be lower than the 5.125% threshold, a derecognition of the principal ("Depreciation") would – irrevocably and obligatorily – ensue, for the amount required to bring the CET1 (of the Bank or of the Group) back to 5.125%. Under specific conditions, and at the complete discretion of the issuer, the principal previously derecognised could be reinstated ("Revaluation"). "). On this matter, please note that the voluntary nature of

reinstatement of previously depreciated principal would also exist in the event of early reimbursement on part of the issuer.
For accounting purposes, the issue in question was considered a “capital instrument”, pursuant to the provisions of the IAS 32 accounting standard. In the financial statements at 31 December 2021, the amount collected on issue is booked, for the entire amount, under the shareholders’ equity line item “130. Capital instruments” in that there were no transaction costs directly attributable to the loan to be deducted, net of taxation, from the amount of the loan booked in the balance sheet under the aforementioned line item 130. Consistently with the nature of the instrument, the coupons are recognised in reduction of shareholders’ equity (shareholders’ equity line item “140. Reserves”), if and to the extent that they are paid. The amount of coupons paid on this type of security, during 2021, was 622,500.00. The overall effect on shareholders’ equity at 31 December 2021 (140. Reserves) was for 622,500.00.

Income Statement

Revenues are measured at fair value of the amount received or due and are recognised when future benefits are likely to be received and such benefits may be reliably measured. Expenses are recognised when incurred. Expenses that cannot be associated with revenue are immediately recognised in the income statement. Specifically:

- Revenues and expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate;
- Dividends are recognised in the income statement when they are received;
- Revenues deriving from dealing in trading instruments, representing the difference between the transaction price and the fair value of the instrument, are recognised in the income statement when the transaction is recorded if fair value can be determined with reference to parameters or recent transactions observed on the same market on which the instrument is traded;
- Other fees are recognised on an accruals basis.

Expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate, for which definition please refer to the paragraph “Loans and Financing”. Impairment losses are immediately recognised in the income statement. Default interest, where provided for by contract, is entered in the income statement only when paid. Losses in value are recognised in the income statement immediately.

Classification criteria for financial assets

Classification of financial assets in the three categories provided for by the accounting standard depends on two classification criteria: the business model based on which the financial instruments are managed and the contractual characteristics of the cash flows deriving from the financial assets in question (or SPPI Test). The classification of a financial asset is the result of the combination of the two aforementioned criteria, as illustrated here following:

- Financial assets measured at amortised cost: assets that pass the SPPI test and are managed based on an HTC business model;
- Financial assets measured at fair value with impact on total profits (FVOCI): assets that pass the SPPI test and are managed based on an HTCS business model;
- Financial assets measured at fair value with recognition of income effects through profit and loss (FVTPL): this is a residual category, that includes financial instruments that cannot be classified in the above categories based on the outcome of the business model test or of the test on contractual cash flow characteristics (SPPI test failed). In order to be able to classify a financial asset at amortised cost or at FVOCI, in addition to the business model analysis, the contractual terms of the asset in question must provide for payment of principal and interest only, at fixed dates, (“solely payment of principal and interest” - SPPI). This analysis must especially be carried out for loans and debt securities. The SPPI test must be carried out on each and every financial instrument, at the moment of registration in the balance sheet. Subsequent to initial recognition, and for as long as the asset is recorded in the balance sheet, it will no longer be subject to further analysis for the purpose of the SPPI test. If a financial instrument is derecognised and a new financial instrument is recognised, the SPPI test must be carried out on the new asset. For the purpose of application of the SPPI test, the IFRS 9 accounting standards provides the following definitions:
- Principal: is the fair value of the financial asset at initial recognition. This value may change during the life of the financial instrument, for example, due to reimbursement of part of the principal;
- Interest: is the consideration for the time value of money and for the credit risk associated to the existing principal in a given period of time. This may also include remuneration for other basic risks and expenses associated to the asset and with a profit margin. In terms of evaluating whether contractual flows from a financial asset may be defined as SPPI, IFRS 9 refers to the general concept of “basic lending arrangement”, that is separate from the legal form of the asset. When the clauses of the arrangement introduce exposure to risks or volatility of contractual cash flows that are outside the definition of basic lending arrangement, such as, for example, exposure to variations in prices of shares or goods, the contractual cash flows in review do not meet the definition of SPPI. The application of the classification criterion based on contractual cash flows

sometimes requires a subjective judgment and, therefore, the definition of internal policies for application of the criteria. If the time value of money is modified – for example, when the interest rate for the financial asset is periodically recalculated, but the frequency of the recalculation or the frequency of payment of the coupons does not reflect the nature of the interest rate (for example, the interest rate is reviewed on a monthly basis based on an annual rate) or when the interest rate is recalculated periodically based on an average of specific short or long-to-medium term rates, the company must evaluated, both quantitatively and qualitatively, if the contractual cash flows still fulfil the requirements of SPPI (benchmark cash flows test). If the outcome of this test shows that the cash flows (not discounted) are "significantly different" from the cash flows (also not discounted) of a benchmark instrument (that is without modification of the time value), the cash flows in question cannot be considered as compliant to SPPI criteria. For the purpose of the SPPI test, as regards debt securities operations, Banca Cambiano 1884 s.p.a. uses external info-provider services. This choice means that, on one hand, front office securities traders can obtain an immediate outcome for execution of the test, which also entails less paperwork during purchasing, and on the other hand it means that the same market benchmarks are shared by multiple traders and auditing companies. Vice versa, as regards the execution of the SPPI test for loan arrangements, a proprietary tool has been developed, based on an methodology developed internally by decision tree.

Business model

As regards the business model, IFRS 9 identifies three types of business model based on the method used to manage cash flows and sales of financial instruments:

- Hold to Collect (HTC): This is a business model whose objective is to hold assets in the related asset portfolios in order collect contractual cash flows. Including an asset portfolio in this business model does not necessarily mean it is impossible to sell the instruments, although it is necessary to take into consideration the frequency, entity of value, reasons for the sale and expectations regarding future sales;
- Hold to Collect and Sell (HTCS): this is a mixed business model, whose objective is to both collect the contractual cash flows and sell the financial asset, where the sale of the asset in an integral part of the strategy. Both activities (collection of cash flows and sale of the asset are indispensible for the purpose of reaching the objective of the business model. Therefore, sales are more frequent and volumes more significant with respect to the HTC business model HTC and are an integral part of the business strategies;
- Others/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed through a business model that does not meet the qualifying criteria for the aforementioned models (HTC and HTCS). Generally speaking, this classification applies to financial asset portfolios that are managed and performance evaluated on a fair value basis. The business model reflects the way in which the financial assets are managed to generate cash flows for the entity and is defined by the bank's corporate bodies with the appropriate input from business functions. Fundamentally, the business model:
    - reflects the way in which financial assets are managed to generate cash flows;
    - is defined by the bank's corporate bodies, with appropriate input from the business functions;
    - must be observable, considering the methods for management of financial assets. In operational terms, the evaluation and composition of the business model is made consistently with the corporate organisation mode, the specialization of the business functions, the expected risk model and the assignment of delegated powers.

To evaluate a business model, all the relevant factors available at the date of the evaluation are used. The factors mentioned above include strategy, risks and how they are managed, reporting and the volume of sales. It is important that the elements taken under review to analyze the business model are coherent across the board and, specifically, are consistent with the strategy being pursued. Evidence of operations that are not in line with the strategy must be analyzed and adequately justified. For the HTC portfolio, Banca di Cambiano 1884 s.p.a. has set limits for admissibility of sales that do not compromise the classification (frequent but not significant, individually and as aggregates, or infrequent if significant in volume) and, simultaneously, has established the parameters used to identify sales that are coherent with this business model in so far as resulting from an increased credit risk. More in detail, the HTC business model allows sales:

- in case of increased credit risk, which can be calculated for securities, if there is a downgrade of predetermined notches with respect to the original rating;
- when they are frequent but not significant in terms of value or occasional even if significant in terms of value. Limits for frequency and significance have been set for the purpose of evaluating these aspects. As regards the determination of "Risks" on HTCS and Other/Trading business models, in line of principle the bank applies the provisions of the internal Finance Regulations and the RAF for market risk controls.

Method of calculation of amortised cost

The amortised cost of a financial asset or liability is the value measured for initial recognition, net of principal repayments, plus or minus overall amortisation, determined by applying the effective interest method, the difference between the initial value and the value at maturity and net of any impairment losses. The effective interest rate is the rate that equalizes the current value of the financial asset or liability to the contractual cash flow of future payments or payments received up to the date of maturity or up to the next repricing date. For instruments with a fixed rate or a rate that is fixed for specific time periods, future cash flows are determined based on the known interest rate during the life of the instrument. For financial assets and liabilities with a floating interest rate, the future cash flows are determined based on the last known rate. At each repricing date, the amortisation schedule and the effective rate of return over the entire useful life of the financial instrument, that is up to maturity, are recalculated. Amortised cost is applied is applied to receivables, financial assets held to maturity, those available for sale, liabilities and outstanding securities. Financial assets and liabilities traded at market conditions are initially recognised at fair value, which usually corresponds to the amount paid or disbursed, comprehensive of transactions costs and commissions directly attributable to the asset or liability. Transactions costs include internal marginal costs and revenues attributed at the moment of initial recognition of the instrument and recoverable from customers. These accessory components, which must be attributed to an individual asset or liability, impact the effective performance and modify the effective interest rate with respect to the contractual interest rate. Therefore, costs and revenues that refer indistinctly to more than one transaction, and the correlated components that may be subject to recognition during the life of the financial instrument, are excluded. Furthermore, the calculation of amortised cost does not take into consideration any costs the Bank would sustain regardless of the transaction, such as administrative costs, expenses for office supplies, etc.

Method for calculation of impairment – Value losses of non performing financial assets

At each balance sheet date, in compliance with IFRS 9, financial assets that are not measured at fair value with recognition of income effects through profit and loss must be subjected to a test to verify if there is evidence that the recognition value of the assets in question may be considered not fully recoverable. A similar evaluation is also carried out for commitments to disburse funds and for issued guarantees meet IFRS 9 impairment requirements. In case the aforementioned evidence exists (so-called evidence of impairment) the financial assets in question are considered impaired and classified in stage 3. For this kind of exposure, represented by financial assets classified, in compliance with Bank of Italy Circular n. 262/2005, in the categories of non-performing loans, probable defaults and exposures overdue/past-due for more than ninety days, value adjustments must be recognised in an amount equal to expected losses over the entire residual life of the asset. Positions classified in Stage 3 are classified for various risk conditions and are consequently subject to analytical or lump-sum evaluations. Value adjustments for loans in Stage 3 reflect the expected loss calculated for a period of time equal to the entire residual life of the loan. Impaired assets that are not non performing for an amount lower than a set threshold, for which there is no objective evidence of impairment, were subjected to lump-sum evaluation, that involves a statistical calculation of expected loss and of the relative write-downs for receivables belonging to the same category (defined based on the segment of the counterparty and the technical format). However, the analytical write-down must be made whenever objective degradation events are observed, calling for a precise analysis. Specifically, as regards the concept of significance referred to in the current accounting standards, impairment was applied, using the lump-sum method, to impaired receivables past due and probable defaults for individual amounts lower than the threshold of significance set at € 300,000. The evaluation of receivables classified as non-performing is updated periodically, in order to allow for immediate transposition of any events that could modify recovery forecasts for receivables. Evaluation of non-performing loans is carried out using an analytical method, that is, based on a precise survey of the recoverability of each loan, taking into account all useful elements for the definition of expectation of recovery, including but by no means limited to:

- The nature of the receivable;
- The presence of collateral and/or personal guarantees, with respect to the valuation of which please refer to the specific sections that follow;
- The total estate assets of the obligors/any co-obligors;
- The income situation of the obligors/any co-obligors;
- The presence of settlement or restructuring agreements;
- The status of any legal proceedings underway (enforcement procedures);
- Exposure of the obligors towards the banking system, overdraft status, notification to non-performing loans;
- Exposure of the obligors towards other creditors;
- Results of the last available balance sheets;
- The legal status of the obligors and pending winding-up and/or personal procedures.

In calculating value loss, the Bank takes into account the following factors:

- existence/type of guarantee: loans secured by mortgage, loans secured by pledged collateral, loans covered by personal guarantees, unsecured credit;
- asset used collateral: residential real estate property, non-residential real estate property, pledges of cash, Securities, GPM, receivables or merchandise;
- available evaluation (CTU, assessment report issued by an independent expert, date of the assessment report);

- nature of the guarantor (banks or other subjects);
- status of recovery (procedures not yet initiated, extra-judicial agreements, insolvency procedures);
- value groupings for unsecured credit.

The evaluation of receivables classified as probable non-performing is updated periodically is updated periodically, in order to allow for immediate transposition of any events that could modify recovery forecasts, and ascertain that the loans in question still do not meet requirements to be passed to the non-performing category.
For this category, write-downs are applied:

- for positions above € 300,000 analytically;
- for positions lower than or equal to € 300,000, for which there is no objective evidence of impairment, using the lump-sum method for similar types of portfolio.

Probable defaults that show a gross exposure greater than € 300,000, are measured analytically. The measurement is aimed at calculating expected value losses, taking into account however that the positions are classified in this risk class based the Bank's opinion regarding the improbability that the debtor will fully meet all credit obligations, without recourse to measures such as enforcement of guarantees; as known, this evaluation must be carried out regardless of the presence of any overdue or not overdue amounts (or instalments). Therefore, for positions classified among probable non-performing, the presumed disposal value of the receivable is estimated by evaluating the capacity of the borrower to meet all the obligations, measured based on all available information regarding the debtor's financial and economic situation, and the value of any existing collateral underlying the receivable/s in question. The salvage value is determined, based on the foreseen recovery strategy (distinguishing between management for "business continuity" and management "for sale") that reflects the overall degree of risk, by evaluating the capacity to generate cash flows sufficient to repay the credit and/or on the mere enforcement of collateral and guarantees. The receivable is measured by examining the appropriate documentation that includes, by way of example but is not limited to, and as applicable to the type of customer:

- the trend of the relationship;
- the current and perspective economic and financial situation of the counterparty, by analysing the lat available balance sheets and outlooks where the counterparty is a legal entity;
- debt exposure towards third parties and the banking system (by analysing CR, CRIF notifications);
- any notifications of non-performance by the banking system/other creditors or ongoing debt restructuring plans;
- Any documentation prepared by third party professional operators or experts attesting in various ways to, also per law, the reversibility of the customer's crisis condition, the appropriateness of the measures taken to overcome the crisis, and the measurement criteria applied;
- The willingness of the debtor to come to an agreement regarding recovery of overdue/past due amounts or to renegotiate the loan;
- The length of time the loan has been classified as probable non-performing. The forecasts for loss of value, formulated for each exposure, are based on an in-depth and thorough examination of all the elements for assessment that may be extracted from the available and retrievable documentation.

For positions lower than or equal to the € 300,000 threshold amount, for which there is no objective evidence of impairment, lump-sum statistical write-down is applied for homogenous types of exposure. The lump-sum evaluation involves the statistical calculation of the expected loss and therefore of the relative value adjustments. Specifically, lump-sum write-downs must be calculated using the following formula, seeing as the PD (probability of default) is considered equal to 100% for Probable defaults as well:

DR x LGD x EAD

where:

- DR = impairment rate at 30 years of probable defaults, divided by credit exposure segment (corporate/retail);
- LGD (Loss Given Default) = LGD of non-performing loans;
- EAD = amount of loans classified as probable non-performing at the date of reference, divided, like non-performing loans, by type of underlying guarantee (collateral/other), by segment (corporate/retail) and by amount bracket (0-20,000, 20,000-50,000, over 50,000).

Loans classified as overdue/past-due, for which non objective evidence of impairment has been found, are measured using the lump-sum method, for homogenous types of exposure. The lump-sum evaluation involves the statistical calculation of the expected loss and therefore of the relative value adjustments Specifically, lump-sum write-downs must be calculated using the following formula, seeing as the PD (probability of default) is considered equal to 100% for overdue/past-due loans as well:

DR x LGD x EAD

where:

- DR = impairment rate at 30 years of probable defaults, divided by credit exposure segment (corporate/retail);
- LGD (Loss Given Default) = LGD of non-performing loans;

- EAD = amount of loans classified as probable non-performing at the date of reference, divided, like non-performing loans and Probable defaults, by type of underlying guarantee (collateral/other), by segment (corporate/retail) and by amount bracket (0-20,000, 20,000-50,000, over 50,000).

Method for calculation of impairment - Value losses of performing financial assets

As regards financial assets for which there is no objective evidence of impairment (in bonis financial instruments), it is necessary to verify if there are indicators that show that the credit risk for each transaction is significantly increased with respect to the initial recognition. The consequences of this assessment, in terms of classification (or, more appropriately, of the staging) and of the measurement, are the following: - if such indicators are found, the financial asset belongs in stage 2. The measurement, in this case, in compliance with international accounting standards and even in absence of a manifest impairment, entails recognition of write-downs equal to expected losses over the entire residual life of the financial instrument. These adjustments are subject to review at each subsequent reporting date, to both periodically verify congruity with the constantly updated loss estimations, and to take into account – in case the indicators of "significantly increased" credit risk – the changed outlook for calculation of expected losses; - if such indicators are not found, the financial asset belongs in 1. In this case, the measurement, in compliance with International accounting standards and even in absence of a manifest impairment, entails recognition of expected losses, for the specific financial instrument, over the next twelve months. These adjustments are subject to review at each subsequent reporting date, to both periodically verify congruity with the constantly updated loss estimations, and to take into account – in case the indicators of "significantly increased" credit risk – the changed outlook for calculation of expected losses. As regards the measurement of financial assets and, specifically, the identification of "significant increase" of credit risk (a condition necessary and sufficient for classification of the asset in stage 2), the elements that are considered critical and primary to be taken into consideration, in compliance with the accounting standard and its implementation by Banca Cambiano 1884 s.p.a, are the following:

- The variation of the probability of default used for internal management purposes. This is, therefore, an evaluation that is made by adopting a criterion of "relativity". This criterion, in effect as of the month of October 2019, in conformity with the Bank's current internal rating system, classifies in Stage 2 all exposure that have jumped 6 classes from the moment of origin of the probability of default used for internal management purposes, with a final classification in class 11 probability of default;
- The presence, if any, of an overdue payment that – without prejudice to the thresholds for significance provided for in current regulations – is past due by at least 30 days. In such a case, in other words, the credit risk of the exposure is considered allegedly "significantly increased" and, therefore, it is "passed" to stage 2 (if the exposure was previously in stage 1);
- The presence, if any, of forbearance measures, which – again, presumable – entail classification of the exposures among those for which credit risk is "significantly increased" with respect to initial recognition;
- Finally, for the purpose of transfer from one stage to another, some specific indicators of the credit monitoring are taken into consideration. This refers specifically to so-called "watchlist" positions, that is, positions that are kept under observation due to evidence of individual criticality.

Once the classification of the exposures in the various credit risk stages has been defined, the expected loss, which represent an estimate of losses on receivables weighted by the respective probability of occurrence, is calculated for a 12 month period for receivables classified in Stage 1, or for the entire expected residual life of the financial instrument for receivables classified in Stage 2. Then, a similar measurement model is adopted for all receivables classified in Stage 1 and in Stage 2, the only distinguishing feature of which is the time frame for estimation of expected loss. The measurement model takes into account the following risk factors:

- PD (Probability of Default) – probability of insolvency, a parameter that represents the probability that a counterparty will migrate from a "bonis" condition to an "insolvency" condition within the time frame of one year (Stage 1) or during the entire expected life of the financial instrument (Stage 2). The probability of insolvency is calculated based on parameters decided internally by Banca Cambiano and subsequently by including adequate corrective elements that allow taking into account the effects of so-called forward looking information relative to the macro-economic reference scenarios;
- LGD (Loss Given Default) – impairment rate in case of insolvency, a parameter that expresses the impact of the loss, as a percent, net of recovery amounts, with respect to the amount of the exposure that has become insolvent, measured based on specific internal models of Banca Cambiano (contained in annex A4). This parameter also includes expected recovery costs;
- EAD (Exposure at Default) - EAD is managed based on the type of exposure and maturity: exposures with a "deterministic" repayment schedule with a known cash flow and a known maturity, and "stochastic" exposures, with an unknown cash flow and/or an unknown maturity. For exposures with a deterministic repayment schedule, EAD is calculated using the repayment schedule based on the evolution of the contractual cash flows. For exposures with an unknown repayment schedule (for example, without instalments, like bank accounts) the EAD is calculated based on appropriate models that take into account both the so-called "on balance" value and of the exposure and the "off balance" component considered as

potentially risky due to the possibility that the customer increases use of credit. These exposures are valued for a 12 month period, consistently with the review period provided for by the Bank for these types of contracts.

- The calculation of expected losses takes into account all reasonable and demonstrable information available at the reference date of the balance sheet without excessive costs or effort. The information used must take into consideration past events, current economic conditions and forecasts for future economic conditions.
- Banca Cambiano has defined the formula to calculate ECL (1), as follows:

$$ECL(t_0) = \sum_{i=1}^{n} D(t_0, t_i) \times EAD(t_i) \times MPD(t_i) \times LGD(t_i)$$

Where:
n = expiry of the relationship
$ECL(t_0)$ = calculated value adjustment at the reporting date
MPD(t_i) = marginal probability of default in t_i
$LGD(t_i)$ = LGD value at the t-th future instant
$EAD(t_i)$ = EAD value at the t-th future instant
$D(t_0, t_i)$ = discounting factor $t_0$and t_i
n = residual life of the relationship (maturity minus reporting date)
As regards financial assets classified in Stage 1, the calculation formula is applied only to a timeline of maximum 1 year, or less if the duration of the financial instrument is less than 12 months. The $t_i$instants indicated in the formula are consistent with the frequency estimated by the output of the multi-period EAD calculation or wit the annual frequency, in case of repayment schedules with a single repayment at maturity (so-called bullet). As regards financial assets classified in Stage 2, the calculation formula is applied to a timeline equivalent to the residual duration of the instrument (life-time). The $t_i$instants are always consistent with the frequency estimated by the output of the multi-period EAD calculation, or with the annual frequency for bullet repayment schedules.
At each reporting date and for each contract relationship, both the 1 year ECL and the Lifetime ECL are calculated, using the multi-period PD, LGD and EAD parameters described above in the application of the formula, and considering all the payment deadlines up to:

- Timeline of 1 year from the reporting date for calculation of 1 year ECL 1 (if duration is less than 12 months, the residual contract duration will be used);
- Expiry/maturity date of the individual contract relationship for calculation of Lifetime ECL (if duration is less than 12 months, the residual contract duration will be used).

Transition to the IFRS 16 international accounting standard – Regulatory requirements.

Effective 1 January 2019, the new IFRS 16 accounting standard, issued by IASB in January 2016 and approved by the European Commission with EU Regulation n. 1986/2017, has replaced the IAS 17 “Leasing” accounting standard, and now disciplines the booking requirements for lease contracts. The new principle requires identifying if a contract is (or contains) a lease based on the concept of control of the use of a specific asset for a given period of time, and consequently tenancy, hire, rental or loan for use contracts fall within the perimeter of application of the new regulations. In light of the above, the new principle introduces significant changes to the booking of lease transactions in the balance sheet of the lessee/user, entailing the introduction of only one accounting model for lease contracts by the lessee, based on the model of the right of use. In detail, the principle variation consists in the fact that there is no longer a distinction, as was provided for in IAS 17, between operating leases and financial leases. All lease contracts must therefore be booked in the same way, by entering an asset and a liability. The accounting model provides for an entry in the Assets items of the right of use of the asset to which the lease refers, and in the Liabilities items of items representing the liabilities for leasing fees as yet to be paid to the lessee, unlike what was set forth in the principles in force up to 31 December 2018. The methods for booking components to profit and loss account have also changed: while for IAS 17 lease fees were to be booked in the line item referring to administrative costs, in accordance with IFRS 16 instead charges relative to the amortisation of the “right of use” are booked, along with interest payable on debt. Instead, there are no significant changes, aside from requirements relating to additional information to be provided, in the accounting of leases by lessors, where distinctions are maintained between operating and financial leases. Starting 1 January 2019, the effects on the balance sheet resulting from the application of IFRS 16 may be identified for lessees – profitability and cash flow being equal– in an increase of assets booked in the balance sheet (leased asset), an increase of liabilities (payables due for leased assets), a reduction of administrative costs (leasing fees) and an increase in financial costs (payment of booked payables) and amortisation (relative to the right of use). As regards the profit and loss account, considering the entire duration of the contracts, the economic impact does not change the timeline for the lease, applying either previous IAS 17, or IFRS 16, but manifests itself with a different spread over time.

Accounting treatment of tax credits connected to the "*Cura Italia*" and "*Rilancio*" Law Decrees, purchased on disposal by the direct beneficiaries or by previous purchasers.

Approach used for the accounting treatment of purchased tax credits (tax bonuses).

Establishing an accounting policy in accordance with IAS 8, requires an analysis of aspects regarding initial recognition, measurement and consequent classification, taking into account the cost sustained by the transferee to purchase the credit, their characteristics of usability and the need to recognize the profit obtained by the transferee on an accrual basis. The operation generates an asset (credit) in the balance sheet of the transferee, containing the right to avoid future disbursements. Tax credits covered by the Decrees are, substantially speaking, more similar to financial assets, in that they may be used to compensate a debt usually settled in cash (cash debits), or exchanged with other financial assets at conditions that may be potentially favourable to the entity and associated to a business model (for example, Hold To Collect in the event they are held to maturity), so it is believed that an accounting model based on IFRS 9 represents the accounting policy most suited to providing relevant and reliable information, as required by IAS 8, paragraph 10. This model, in fact, seems to better guaranty a truthful representation of the financial, profit and cash flow situation of the entity, reflecting the economic substance and not just the form of the transaction, in a neutral, prudent and complete manner. In order to define the accounting treatment to be adopted for the tax credits in question, we will therefore refer to some provisions contained in accounting principle IFRS 9 for financial instruments. The purchase price of tax credits must discount: a) the time value of money; and b) the capacity to use it within the respective term. This price must meet the condition of IFRS 9 according to which financial assets and liabilities must be initially recognised at fair value and be assimilated, in the hierarchy of fair value provided for by IFRS 13, to a level 3 fair value, as at the moment there are no active markets nor comparable transactions. Therefore, at the moment of initial recognition, the tax credit is recognised at the transaction price. For the subsequent measurement of financial assets at amortised cost, calculations must consider: i) the time value of money; ii) the use of an effective interest rate; and iii) the use flows of the tax credit through off-setting. The effective interest rate is determined at origin so that the discounted cash flows connected to the expected future off-sets estimated for the expected duration of the tax credit are equal to the purchase price of the tax credits. To calculate the effective interest rate, the entity has estimated expected off-setting, taking into account all the terms relative to the tax credit, including the fact that any unused tax credit in each compensation period will be lost. The use of the amortised cost method allows spreading revenues for the entire duration of life of the tax credit, at immediately recognizing any transaction losses. It follows that, should the entity review its estimations regarding the use of the tax credit through off-setting, it must adjust the gross accounting value of the tax credit to reflect estimated, effective and re-determined uses. The entity will recalculate the gross accounting value of the tax credit as the current value of the new estimation o fuse of the tax credit by off-setting discounted at the original effective interest rate. In this redetermination, taking into account the absence of reimbursability by the counterparty (that is to say, Internal Revenue), a write-down deriving from the possible missed use of purchased tax credits is therefore included. The evaluation regarding the failure to use the tax credit will also reflect the fact that the entity could reasonably define ceilings for the purchase of credits based on the volumes of its debit position vis-à-vis Internal Revenue. Alternatively, if the transferee decides to adopt an operational management typical of the Hold To Collect and Sell business model for these credits, or to hold them for the purpose of trading, both as defined in IFRS 9, the subsequent measurement of the credits would be made at fair value. Therefore, we believe the following approach is the one to take:

- in terms of initial recognition: booking of the tax credit at the moment of purchase for a value that corresponds to its fair value);
- in terms of subsequent measurement: application of the provisions of IFRS 9 relative to the Hold To Collect business model, that require measurement at amortised cost. If the transferee intends to adopt an operational management typical of the Hold To Collect and Sell business model for these credits, or to hold them for other purposes (for example, trading), as defined in IFRS 9, the credits should be measured at fair value with contra-entry, respectively in the schedule of overall profitability or in the income statement.

Representation in the financial statements and information to be provided in periodical accounting reports.

Considering that, according to international accounting principles, purchased tax credits do not represent tax receivables, public contributions, intangible assets nor financial assets, the most appropriate classification, for the purposes of representation in the balance sheet, is in the residual item "other assets" of the balance sheet (assets line item 120), that amount to 21,885 thousand euro at 31 December 2021, in line with paragraphs 54 and 55 of IAS 1 "Presentation of the financial statements". As regards the representation of revenues and charges deriving from purchase and use of tax credits in the income statement and/or in the schedule of overall profitability, it will reflect the management method adopted by the transferee (Hold to Collect, Hold to Collect and Sell, Other) such as is the nature of such revenue and charges (interest, other measurement aspects such as write-back deriving from loss of value, gains/losses from disposal), in line with paragraphs 82 and 82A of IAS 1 "Presentation of the financial statements".

A.3 – Information on asset transfers between portfolios

A.3.1 Reclassified financial assets: change of business model, book value and earned interest (thousands)

Type of financial instruments (1)	Origin portfolio (2)	Destination portfolio (3)	Date of reclassification (4)	Reclassified book value (5)	Earned interest booked during the fiscal year (before tax) (6)
Debt securities	HTCS	HTC	31/12/2019	0	26

A.3.2 Reclassified financial assets: change of business model, fair value and effects on overall profitability (thousands)

Type of financial instrument (1)	Origin portfolio (2)	Destination portfolio (3)	Fair value at 31/12/2021 (4)	Gains/losses in absence of transfer to profit and loss account (before taxes)		Gains/losses in absence of transfer to shareholders' equity (before taxes)	
				31/12/2021 (5)	31/12/2020 (6)	31/12/2021 (7)	31/12/2020 (8)
Debt securities	HTCS	HTC	0	0	0	0	549

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

With BoD resolution of 30/01/2019 Banca di Cambiano 1884 s.p.a. provided for reclassification of the following government bonds from the HTCS portfolio to the HTC portfolio:

- BTP ITALY 21.05.2026 IL (Isin IT0005332835) for a n.v. of 20,000,000.00;
- CCTS EU 15.09.2025 TV (Isin IT0005331878) for a n.v. of 8,000,000.00.

The decision to change the business model related to the aforementioned bonds was made in order to realign HTC portfolio assets and HTCS portfolio assets based on the maturity dates of the underlying securities. Specifically, the portfolio of HTCS will aim to hold securities with average residual maturity dates shorter than two years, while the HTC portfolio will contain securities with longer maturity. This decision, made at the beginning of 2019, was prompted by observing a impairment of the macro-economic context as compared to the 2018 fiscal year. After the aforementioned change to the business model, with book value, there is a transfer from HTCS to HTC of a book value of 25.9 million euro, to which a potential gross loss of 2.1 million euro (net of 1.4 million euro) was correlated). During 2021, in compliance with internal policies currently in force, the securities in question were transferred, and specifically:

- Sale of BTP ITALIA 21.05.2026 IL (Isin IT0005332835) for a n.v. of 20,000,000.00 on 08/04/2021 at 104.88 for 20,976,056.81 euro – recognising a profit of 1,027,194.89;
- Sale of CCTS EU 15.09.2025 TV (Isin IT0005331878) for a n.v. of 8,000,000.00 on 07/04/2021 at 100.92 for 8,073,200.00 euro – recognising a profit of 122,881.07.

As at 31/12/2021 no financial assets were reclassified

A.4 – Information on fair value

IFRS 13 requires that assets and liabilities measured at fair value on a recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet. Instead, assets and liabilities measured at fair value on a non recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet in specific circumstances. For the purpose of improving transparency of information in the balance sheet regarding the measurement of fair value, IASB has introduced the so-called hierarchy of fair value.

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

In December 2012, through Commission Regulation (EU) n. 1255/2012, the European Commission approved the new IFRS 13 "Fair Value Measurement" principle, effective as of 1 January 2013. IFRS 13 defines fair value as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". As far as financial instruments are concerned, this definition of fair value replaces the previous version contained in IAS 39. As regards financial liabilities, the new definition of fair value provided for by IFRS 13 therefore requires identifying as such the value that would be paid to transfer the liability in question (exit price), as opposed to the value required to settle the same liability (definition contained in IAS 39). This serves to reinforce the theme of the recognition of fair value adjustments of financial liabilities – different from derivatives – attributable to the credit rating of the issuer (Own Credit Adjustment - OCA), with respect to the provisions already set forth on the matter in IAS 39. In particular, as regards calculating the fair value of OTC derivatives under assets in the Balance Sheet, IFRS 13 has confirmed the application of the adjustment relative to counterparty risk (Credit Valuation Adjustment - CVA). As regards financial liabilities represented by OTC derivatives, IFRS 13 introduces the so-called Debit Valuation Adjustment (DVA), which is a fair value adjustment aimed at reflecting own credit risk on such instruments, an issue not explicitly dealt with in IAS 39. The fair value of investments listed in active markets is calculated with reference to market listings on the last day of reference for the financial period. For financial instruments listed on active markets, the fair value assessment is based on the listings on the active market of reference even obtained from international providers and registered on the last day of the financial period. A market is defined as active when the listings reflect standard market transactions, are readily and regularly available and express the price of actual and regular market transactions. If the same financial instrument is listed on more than one market, the listing to be taken into consideration is that on the most advantageous market to which the company has access. The fair value of unlisted financial instruments is calculated by applying valuation methods that aim to determine the price that the instrument would have had on the market at the measurement date in a free exchange motivated by normal commercial considerations. Fair value is obtained using the following methods: use of recent market transactions, reference to the price of financial instruments with the same characteristics as that being measured, and quantitative methods. Specifically, unlisted securities are evaluated by applying models that discount expected future cash flow, using interest rate structures that take into proper consideration the issuer's business sector and, where available, rating class. The fair value of mutual funds that are not traded on active markets is calculated based on the Net Asset Value as published, and adjusted if necessary to take into account possible changes in value occurring between the date of request of redemption and the effective redemption date. Capital shares not traded on an active market, for which the fair value cannot be calculated reliably using the most common methods, are valued at cost, adjusted to take into account possible significant impairment of value. As regards loans and deposits, at demand/revocable, immediate expiry of contract obligations, coinciding with the date of the financial statements, is considered and therefore their fair value is approximated at booking value. Similarly, booking value is considered for short-term loans as well. The fair value of medium to long-term loans to customers is measured by discounting residual contractual cash flows at the effective interest rate, appropriately adjusted to take into account the credit rating of individual borrowers (represented by the probability of default and by the estimated loss in the event of default). The booking value of impaired assets is an approximation of the fair value. For medium to long-term debt positions, represented by securities valued at amortised cost and hedged for interest rate risk, the booking value is adjusted, due to hedging, to fair value attributable to the hedged risk, discounting the respective flows. The fair value of derivative contracts traded on regulated markets is considered the market price of the last listing day of the fiscal period. Over the counter derivative contracts are measured on the basis of a variety of models, based on input factors that affect the relative valuation and taking into account adjustments for counterparty risk. The Bank does not calculate and recognize corrections in fair value of derivatives for CVA and DVA if there are formalized and operative agreements for collateralization of the positions in derivatives with the following characteristics:

- Bilateral and high-frequency exchange of collateral (daily or, at most, mid-week);
- Type of guaranty represented by cash or government bonds with high liquidity and credit quality, subject to an adequate safety margin;
- Absence of a threshold for the fair value of the derivative below which no exchange of guaranty is provided for, or setting of this threshold at a level that allows for an effective and significant mitigation of counterparty risk;
- MTA - Minimum Transfer Amount (that is, the difference between the contract fair value and the value of the guaranty) – below which collateralization of positions is not adjusted, identified by contract at a level that allows for substantial mitigation of counterparty risk.

Hedges already existing at the date of the financial statements were all collateralized.

A.4.2 Measurement processes and sensitivity

At 31 December 2021 there were no assets classified in level 2 of the hierarchy of Fair Value. Financial assets that refer to capital securities "valued at cost" relative to instrumental capital holdings, and for which the fair value cannot be calculated in a reliable or verifiable manner, are conventionally classified at level 3 in the hierarchy of Fair Value.

A.4.3 Hierarchy of fair value

Hierarchy of fair value, based on the provisions of IFRS 13, must be applied to all financial instruments for which fair value is recognised in the balance sheet. In this regard, for these instruments, maximum priority is given to official prices available on active markets and lower priority to the use of non-observable input, which are more discretional. Consequently, fair value is calculated through the use of prices acquired from financial markets, in the case of instruments listed on active markets or, for other financial instruments, through the use of measurement methods that aim at an estimation of fair value. The levels used for classifications and referred to hereinafter in the Explanatory Notes are the following:

• "Level 1": the fair value of the financial instruments is calculated based on price listings observable on active markets (unadjusted) which may be accessed on the date of assessment;

• "Level 2": the fair value of the financial instruments is calculated based on other inputs observable directly or indirectly for the asset or liability, also using measurement techniques;

• "Level 3": the fair value of the financial instruments is calculated based on other input not observable for the asset or liability, also using measurement technique.

A price listed on an active market provides the most reliable evidence of the fair value and, when available, must be used without adjustments to measure fair value. If there are not price listing on active markets, the financial instruments must be classified in level 2 or 3. Classification in Level 2 as opposed to Level 3 is determined based on the observability on markets of significant inputs used to calculate fair value.

A.4.4 Other information

There is no other information to be provided.

A.4.5 Hierarchy of Value

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: divided by level of fair value.

Financial assets/liabilities measured at fair value	31/12/2021			31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value with impact on profit and loss account	56,554	0	106,483	47,711	0	93,921
a) financial assets held for trading	56,554	0	14,880	46,385	0	18,962
b) financial assets measured at fair value	0	0	0	0	0	0
c) other financial assets obligatorily measured at fair value	0	0	91,603	1,325	0	74,959
2. Financial assets measured at fair value with impact on total profits	507,509	0	19,039	173,030	0	18,454
3. Hedges	0	0	0	0	0	0
4. Property, plants and equipment	0	0	0	0	0	0
5. Intangible assets	0	0	0	0	0	0
Total	**564,063**	**0**	**125,522**	**220,741**	**0**	**112,375**
1. Financial liabilities held for trading	0	0	694	0	0	641
2. Financial liabilities measured at fair value	0	0	0	0	0	0
3. Hedges	0	0	141	0	0	419
Total	**0**	**0**	**835**	**0**	**0**	**1,060**

Key:
Level 1 = Fair value of a financial instrument listed in an active market;
Level 2 = Fair value measured on the basis of measurement techniques that use parameters that can be observed on the market, other than the listings of the financial instrument;
Level 3 = Fair value measured on the basis of measurement techniques that use parameters that cannot be observed on the market.

A.4.5.2 Annual variations of financial assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value with impact on profit and loss account				Financial assets measured at fair value with impact on total profits	Hedges	Property, plants and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets measured at fair value	of which: c) other financial assets obligatorily measured at fair value				
1. Initial value	**112,375**	**18,962**	**0**	**74,959**	**18,454**	**0**	**0**	**0**
2. Additions								
2.1. Purchases	32,482	0	0	31,657	824	0	0	0
2.2. Revenues allocated to:								
2.2.1. Profit and loss account	954	304	0	651	0	0	0	0
- of which gains	597	0	0	597	0	0	0	0
2.2.2. Shareholders' equity	108	X	X	X	108	0	0	0
2.3. Transfers from other levels	0	0	0	0	0	0	0	0
2.4. Other additions	13	0	0	0	13	0	0	0
3. Reductions								
3.1. Sales	16,854	1,958	0	14,830	66	0	0	0
3.2. Redemptions	0	0	0	0	0	0	0	0
3.3. Losses allocated to:								
3.3.1. Profit and loss account	3,194	2,429	0	766	0	0	0	0
- of which losses	766	0	0	766	0	0	0	0
3.3.2. Shareholders' equity	294	X	X	X	294	0	0	0
3.4. Transfers to other levels	0	0	0	0	0	0	0	0
3.5. Other reductions	68	0	0	68	0	0	0	0
4. Final values	**125,522**	**14,880**	**0**	**91,603**	**19,039**	**0**	**0**	**0**

A.4.5.3 Annual variations of liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities measured at fair value	Hedges

	Financial liabilities held for trading	Financial liabilities measured at fair value	Hedges
1. Initial value	**641**	**0**	**419**
2. Additions			
2.1. Issues	31	0	0
2.2. Losses allocated to:			
2.2.1. Profit and loss account	663	0	8
- of which losses	663	0	0
2.2.2. Shareholders' equity	X	0	0
2.3. Transfers to other levels	0	0	0
2.4. Other additions	0	0	0
3. Reductions			
3.1. Redemptions	641	0	0
3.2. Repurchases	0	0	0
3.3. Revenues allocated to:			
3.3.1. Profit and loss account	0	0	0
- of which gains	0	0	0
3.3.2. Shareholders' equity	X	0	275
3.4. Transfers to other levels	0	0	0
3.5. Other reductions	0	0	10
4. Final values	**694**	**0**	**141**

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

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	3,834,952	366,603	0	3,468,349	3,470,610	292,162	0	3,178,448
2. Property, plants and equipment held as investments	0	0	0	0	0	0	0	0
3. Non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**3,834,952**	**366,603**	**0**	**3,468,349**	**3,470,610**	**292,162**	**0**	**3,178,448**
1. Financial liabilities valued at amortised cost	4,548,767	0	0	4,548,767	3,706,623	0	0	3,706,623
2. Liabilities associated to assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**4,548,767**	**0**	**0**	**4,548,767**	**3,706,623**	**0**	**0**	**3,706,623**

Key: VB = Book value - L1 = Level 1 - L2 = Level 2 - L3 = Level 3

A.5 – Information on so-called "day one profit/loss"

The Bank does not present transactions for which, at the moment of initial recognition of the financial instruments not listed in active markets, the component relative to the so-called "day one profit/loss" was measured. Consequently, the information required by paragraph 28 of IFRS 7 is not herein provided.

PART B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - Line item 10

1.1. Cash and cash equivalents: Breakdown

Line items	31/12/2021	31/12/2020 (*)	Variation	% Variation
a) Cash and cash equivalents	13,741	13,908	-167	-1.20%
b) Current accounts and demand deposits with Central Banks	0	0	0	
c) Current accounts and demand deposits with banks	91,248	77,866	13,382	17.19%
Total	**104,989**	**91,774**	**13,215**	**14.40%**

(*) The data from the previous reporting period are shown again in consideration of the changes introduced by the 7th update to Circular n.262

Note:

Notes:

The line item "Demand deposits with central banks" does not include the regulatory reserve that was noted in asset line item 40 a) "Financial assets measured at amortised cost a) receivables from banks".

Section 2 - Financial assets measured at fair value with impact on profit and loss account - Line item 20

2.1 Financial assets held for trading: breakdown by type

Line items/values	31/12/2021			31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	8,082	0	0	0	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	8,082	0	0	0	0	0
2 Capital securities	912	0	0	0	0	0
3 Shares in mutual funds	47,561	0	14,782	46,385	0	18,148
4 Loans	0	0	0	0	0	0
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	0	0	0	0
Total A	**56,554**	**0**	**14,782**	**46,385**	**0**	**18,148**
B. Derivative instruments						
1 Financial derivatives:	0	0	98	0	0	815
1.1 from trading	0	0	98	0	0	815
1.2 connected with the fair value option	0	0	0	0	0	0
1.3 altri	0	0	0	0	0	0
2 Credit derivatives	0	0	0	0	0	0
2.1 from trading	0	0	0	0	0	0
2.2 connected with the fair value option	0	0	0	0	0	0
2.3 other	0	0	0	0	0	0
Total B	**0**	**0**	**98**	**0**	**0**	**815**
Total (A+B)	**56,554**	**0**	**14,880**	**46,385**	**0**	**18,962**

2.2 Financial assets held for trading: breakdown by borrower/issuer/counterparty

Line items/values	31/12/2021	31/12/2020	Variation	Variation %
A. CASH ASSETS				
1. Debt securities	**8,082**	**0**	**8,082**	**0.00%**
a) Central banks	0	0	0	0.00%
b) Public administrations	2,239	0	2,239	0.00%
c) Banks	1,801	0	1,801	0.00%
d) Other finance companies	560	0	560	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	3,482	0	3,482	0.00%
2 Capital securities	**912**	**0**	**912**	**0.00%**
a) Banks	0	0	0	0.00%

Line items/values	31/12/2021	31/12/2020	Variation	Variation %
b) Other finance companies	912	0	912	0.00%
of which: insurance companies	0	0	0	0.00%
c) Non finance companies	0	0	0	0.00%
d) Other issuers	0	0	0	0.00%
3 Shares in mutual funds	**62,343**	**64,533**	**-2,190**	**-3.39%**
4 Loans	0	0	0	0.00%
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other finance companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total (A)	**71,336**	**64,533**	**6,803**	**10.54%**
B DERIVATIVE INSTRUMENTS				
a) Central counterparties	0	0	0	0.00%
b) Other	98	815	-717	-88.02%
Total (B)	98	815	-717	-88.02%
Total (A+B)	**71,433**	**65,348**	**0**	**9.31%**

2.5 Financial assets obligatorily measured at fair value: breakdown by type

Line items/values	31/12/2021			31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	0	0	4,597	1,325	0	4,663
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	4,597	1,325	0	4,663
2 Capital securities	0	0	0	0	0	0
3 Shares in mutual funds	0	0	16,899	0	0	10,517
4 Loans	0	0	70,108	0	0	59,779
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	70,108	0	0	59,779
Total	**0**	**0**	**91,603**	**1,325**	**0**	**74,959**

2.6 Financial assets obligatorily measured at fair value: breakdown by borrowers/issuers

Line items/values	31/12/2021	31/12/2020
1 Capital securities	**0**	**0**
of which: Banks	0	0
of which: Other finance companies	0	0
of which: Other non finance companies	0	0
2. Debt Securities	**4,597**	**5,988**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	1,042	1,994
d) Other finance companies	1,003	3,994
of which: insurance companies	0	0
e) Non finance companies	2,552	0
3 Shares in mutual funds	**16,899**	**10,517**
2 Loans	**70,108**	**59,779**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	25	147
d) Other finance companies	3,733	8,097
of which: insurance companies	3,733	8,097
e) Non finance companies	65,780	51,139
f) Families	570	396
Total	**91,603**	**76,284**

Section 3 - Financial assets measured at fair value with impact on total profits - Line item 30

3.1 Financial assets measured at fair value with impact on total profits: breakdown by type

Line items/values	Total at 31/12/2021			Total at 31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	507,509	0	0	173,030	0	0
1.1 Structured securities	4,404	0	0	36,974	0	0
1.2 Other debt securities	503,105	0	0	136,056	0	0
2. Capital securities	0	0	19,039	0	0	18,454
3. Loans	0	0	0	0	0	0
Total	**507,509**	**0**	**19,039**	**173,030**	**0**	**18,454**

3.2 Financial assets measured at fair value with impact on total profits: breakdown by borrowers/issuers

Line items/values	Total at 31/12/2021	Total at 31/12/2020	Variation	Variation %
1. Debt securities	**507,509**	**173,030**	**334,479**	**193.31%**
a) Central banks	0	0	0	0.00%
b) Public administrations	490,601	135,805	354,796	261.26%
c) Banks	16,908	37,226	-20,318	-54.58%
d) Other finance companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
			0	0.00%
2. Capital securities	**19,039**	**18,454**	**585**	**3.17%**
a) Banks	7,500	7,500	0	0.00%
b) Other issuers:	11,539	10,954	586	5.35%
- other finance companies	436	449	0	0.00%
of which: insurance companies	0	0	0	0.00%
- non finance companies	11,104	10,505	598	5.70%
- other	0	0	0	0.00%
3. Loans	**0**	**0**	0	0.00%
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other finance companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total	**526,549**	**191,484**	**335,064**	**174.98%**

3.3 Financial assets measured at fair value with impact on total profits: gross value and overall value adjustments

	Gross value				Overall value adjustments			Overall partial write-off
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	492,683	492,683	14,956	0	68	62	0	0
Loans	0	0	0	0	0	0	0	0
Total at 31/12/2021	492,683	492,683	14,956	0	68	62	0	0
Total at 31/12/2020	135,835	135,835	37,307	0	31	82	0	0
of which: Impaired financial assets purchased or originated	X	X	0	0	X	0	0	0

3.3 a) Loans measured at fair value with impact on total profits subject to Covid-19 aid measures: gross value and overall value adjustments

There are no loans measured at fair value with impact on total profits subject to Covid-19 aid measures.

Section 4 - Financial assets measured at amortised cost - Line item 40

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

Type of transaction / values	Total at 31/12/2021						Total at 31/12/2020 (*)					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3

A. Receivables from Central banks												
1. Time deposits	0	0	0	0	0	0	0			0	0	0
2. Regulatory reserve	137,936	0	0	0	0	0	234,128			0	0	0
3. Repurchase agreements	0	0	0	0	0	0	0			0	0	0
4. Other	0	0	0	0	0	0	0			0	0	0
B. Receivables from banks	0	0	0	0	0	0	0			0	0	0
1. Loans	0	0	0	0	0	0	0			0	0	0
1.1. Current accounts and demand deposits	0	0	0	0	0	0	0			0	0	0
1.2. Time deposits	73,999	0	0	0	0	73,999	54,011			0	0	54,011
1.3. Other loans:	0	0	0	0	0	0	0			0	0	0
- Repurchase agreement receivables	0	0	0	0	0	0	0			0	0	0
- Financial leases	0	0	0	0	0	0	0			0	0	0
- Other	0	0	0	0	0	0	0			0	0	0
2. Debt securities	11,509	0	0	11,509	0	0	11,378			11,378	0	0
2.1 Structured Securities	0	0	0	0	0	0	0			0	0	0
2.2 Other debt Securities	11,509	0	0	11,509	0	0	11,378			11,378	0	0
Total	**223,443**	**0**	**0**	**11,509**	**0**	**211,935**	**299,518**	**0**	**0**	**11,378**	**0**	**288,139**

(*) Data from the previous reporting period are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n.262.

4.2 Financial assets measured at amortised cost: breakdown by type of receivables from customers

Type of transaction /values	Total at 31/12/2021							Total at 31/12/2020						
	Book value				Fair value			Book value				Fair value		
	First and second stage	Third stage	impaired purchased or originated	Total	Level 1	Level 2	Level 3	First and second stage	Third stage	impaired purchased or originated	Total	Level 1	Level 2	Level 3
1. Loans	**3,126,753**	**128,803**	**859**	**3,256,414**	**-**	**-**	**-**	**2,664,082**	**148,759**	**797**	**2,812,842**	**-**	**X**	**X**
1.1. Current accounts	**529,815**	**19,188**	**-**	**549,003**	**X**	**X**	**X**	479,887	29,583	37	509,470	X	X	X
1.2. Repurchase agreement receivables	**67,756**	**-**	**-**	**67,756**	**X**	**X**	**X**	-	-	-	-	X	X	X
1.3. Mortgages	**1,452,226**	**88,031**	**711**	**1,540,968**	**X**	**X**	**X**	1,323,048	97,572	674	1,420,620	X	X	X
1.4. Credit cards, personal loans and salary backed loans	**19,824**	**720**	**36**	**20,580**	**X**	**X**	**X**	15,218	696	55	15,915	X	X	X
1.5. Financial leases	**225**	**-**	**-**	**225**	**X**	**X**	**X**	257	-	-	257	X	X	X
1.6. Factoring	**-**	**-**	**-**	**-**	**X**	**X**	**X**	-	-	-	-	X	X	X
1.7. Other loans	**1,056,908**	**20,864**	**112**	**1,077,883**	**X**	**X**	**X**	845,672	20,907	32	866,580	X	X	X
2. Debt securities	**355,094**	**-**	**-**	**355,094**	**355,094**	**-**	**-**	**280,384**	**-**	**-**	**280,384**	**280,384**	**-**	**-**
2.1 Structured securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-
2.2 Other debt securities	**355,094**	**-**	**-**	**355,094**	**355,094**	**-**	**-**	280,384	-	-	280,384	280,384	-	-
Total (book value)	**3,481,847**	**128,803**	**859**	**3,611,508**	**355,094**	**-**	**-**	**2,944,466**	**148,759**	**797**	**3,093,225**	**280,384**	**-**	**-**

4.3 Financial assets measured at amortised cost: breakdown by borrowers/issuers of receivables from customers

Type of transactions/Values	Total at 31/12/2021			Total at 31/12/2020		
	First and second stage	Third stage	of which: impaired purchased or originated	First and second stage	Third stage	of which: impaired purchased or originated
1. Debt securities	**355,094**	**0**	**0**	**280,384**	**0**	**0**
a) Public administrations	355,094	0	0	280,384	0	0
b) Other finance companies	0	0	0	0	0	0
of which: insurance companies	0	0	0	0	0	0
c) Non finance companies	0	0	0	0	0	0
2. Loans to:	**3,126,753**	**129,661**	**859**	**2,664,082**	**148,759**	**797**
a) Public administrations	1,105	0	0	2,029	0	0
b) Other finance companies	382,831	1,490	0	219,905	1,939	0

Type of transactions/Values	Total at 31/12/2021			Total at 31/12/2020		
	First and second stage	Third stage	of which: impaired purchased or originated	First and second stage	Third stage	of which: impaired purchased or originated
of which: insurance companies	0	0	0	0	0	0
c) Non finance companies	1,462,301	65,230	172	1,313,001	75,464	175
d) Families	1,280,515	62,942	687	1,129,148	71,356	622
Total	**3,481,847**	**129,661**	**859**	**2,944,466**	**148,759**	**797**

4.4 Financial assets measured at amortised cost: gross value and overall value adjustments

Type of transactions/Values	Gross value					Overall value adjustments				Overall partial write-off
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	
Debt securities	355,146	355,146	11,677	0	0	52	168	0	0	0
Loans	3,092,669	3,092,669	271,661	233,620	1,092	7,238	18,405	103,958	233	0
Total at 31/12/2021	**3,447,815**	**3,447,815**	**283,338**	**233,620**	**1,092**	**7,289**	**18,573**	**103,958**	**233**	**0**
Total at 31/12/2020	**3,017,915**	**3,095,742**	**252,424**	**266,198**	**1,093**	**10,205**	**16,599**	**117,848**	**233**	**0**

4.4 a) Loans measured at amortised cost subject to Covid-19 aid measures: gross value and overall value adjustments

Type of transactions/Values	Gross value					Overall value adjustments				Overall partial write-off
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	
1. Loans subject to forbearance conformant to GL	7,565	7,565	813	760	0	623	46	234	0	0
2. Loans subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0
3. Other loans	0	0	0	0	0	0	0	0	0	0
4. New loans	468,529	468,529	50,274	2,513	60	2,203	5,173	839	5	
Total at 31/12/2021	**476,094**	**476,094**	**51,088**	**3,273**	**60**	**2,826**	**5,219**	**1,073**	**5**	**0**
Total at 31/12/2020	**735,498**	**735,498**	**115,874**	**2,785**	**0**	**5,498**	**13,145**	**856**	**0**	**0**

Section 7 – Equity investments - Line item 70

7.1 Equity investments in subsidiaries, jointly held companies or companies subject to significant interest: information on shareholdings

Name	Registered offices	Operating offices	% of shareholdings	% of available votes
A. Wholly owned subsidiaries				
1. Cabel Leasing s.p.a.	Empoli	Empoli	90.00%	90.00%
2. Immobiliare 1884 s.r.l.	Florence	Empoli	100.00%	100.00%
3. Invest Italy SIM S.p.A [(1)]	Empoli	Milan	72.10%	72.10%
B. Jointly held companies				
C. Companies subject to significant influence				
1. Cabel Holding s.p.a. [(2)]	Empoli	Empoli	49.60%	29.60%
2. Cabel Industry s.p.a. [(3)]	Empoli	Empoli	11.49%	11.49%
3. Gardena Capital LTD [(1)]	London	London	39.00%	39.00%
4. Cabel IP s.p.a. [(1)]	Empoli	Empoli	25.48%	25.48%

Notes:

(1) During 2021, subsequent to the merger, the Banca acquired equity interest in Invest Italy SIM S.p.A. –within the scope of the Gruppo Bancario Cambiano – and equity interest in Cabel IP SpA and Gardena Capital LTD.

(2) During 2019, the Bank assigned 20% of shareholdings in Cabel Holding in usufruct to a Trust. The cost, book value and percent of shareholdings have remained unvaried, while the number of shares (for the purposes of the % of votes available in the Shareholders' Meeting) has decreased from 49.60% to 29.60%.

(3) In December 2021, the percent of Bank shareholdings in the subsidiary decreased from 18% to 11.49%, following the issue of n. 1,700,000 shares wholly subscribed by the parent company Cabel Holding S.p.A.. The percent of shareholdings in Cabel Industry s.p.a. therefore increased to 51.61% by virtue of the Cabel Holding S.p.A. shareholding in Cabel Industry S.p.a. for 79.43%.

7.2 Significant shareholdings: book value, fair value and dividends received

Name	Book value	Fair value	Dividends received
A. Wholly owned subsidiaries	**31,809**	**31,194**	**0**
1. Cabel Leasing S.p.A.	17,694	17,694	0
2. Immobiliare 1884 S.r.l.	13,500	13,500	0
3. Invest Italy SIM S.p.A	614	614	0
B. Jointly held companies	**0**	**0**	**0**
C. Companies subject to significant influence	**16,400**	**16,094**	**0**
1. Cabel Holding S.p.A.	14,503	14,503	0
2. Cabel Industry S.p.A.	1,591	1,591	0
3. Gardena Capital LTD	261	261	0
4. Cabel IP S.p.A.	45	45	0
Totals	**48,209**	**47,288**	**0**

Notes:

The fair value of shareholdings in companies subject to significant interest corresponds to the balance sheet value in that none of the companies in question is listed on a trade market.

Considering the loss recorded by Cabel Holding s.p.a. during the fiscal year, for this company, impairment was analyzed by determining the fair value net of sale costs. The test did not result in value write-downs to be made.

7.3 Significant equity investments: accounting information

Denominations	Cash and cash equivalents	Financial assets	Non financial assets	Financial liabilities	Non financial liabilities	Total revenue	Interest income
A. Wholly owned subsidiaries	**933**	**260,436**	**28,939**	**242,075**	**12,726**	**6,338**	**3,388**
1. Cabel Leasing S.p.A.	18	256,818	11,896	235,522	12,314	5,916	3,425
2. Immobiliare 1884 S.r.l.	0	3,509	16,781	6,357	273	282	-53
3. Invest Italy Sim S.p.A.	915	109	262	197	140	141	17
B. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Companies subject to significant influence	x	**15,258**	**87,401**	**1,967**	**48,011**	**27,729**	**2**
1. Cabel Holding S.p.A.	x	11,507	32,396	0	1,470	1,852	x
2. Cabel Industry S.p.A.	x	697	53,715	0	45,572	25,352	x
3. Gardena Capital LTD	x	723	791	0	390	0	X
4. Cabel Ip S.p.A.	X	2,330	499	1,967	579	525	2
Total	**933**	**275,694**	**116,340**	**244,043**	**60,737**	**34,067**	**3,388**

Name	Value adj. and write-backs on prop., plants and equip. And intangible assets	Profit (loss) on continuing operations before tax	Profit (loss) on continuing operations after tax	Profit (loss) on groups of assets under divestment, after tax	Profit (loss) for the fiscal year (1)	Other income components after taxes (2)	Overall profitability (3) = (1) + (2)
A. Wholly owned subsidiaries	**213**	**331**	**48**	**0**	**48**	**0**	**48**
1. Cabel Leasing S.p.A.	65	822	574	0	574	0	574
2. Immobiliare 1884 S.r.l.	80	15	9	0	9	0	9
3. Invest Italy Sim S.p.A.	68	-507	-535	0	-535	0	-535
B. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Companies subject to significant influence	**18**	**-11,834**	**-11,895**	**0**	**-11,895**	**0**	**-11,895**
1. Cabel Holding S.p.A.	x	-8,785	-8,832	0	-8,832	0	-8,832
2. Cabel Industry S.p.A.	x	-2,878	-2,878	0	-2,878	0	-2,878
3. Gardena Capital LTD	0	-209	-209	0	-209	0	-209
4. Cabel Ip S.p.A.	18	39	25	0	25	0	25
Total	**231**	**-11,504**	**-11,848**	**0**	**-11,848**	**0**	**-11,848**

Notes:
The above companies carry out activities that are instrumental to Bank activities and perform services that are auxiliary to Bank activities. As regards wholly owned subsidiaries, the values shown in the above table refer to the year 2021, while for companies subject to significant influence, the data shown are as at 30 September 2021.

The book value was calculated according to the table below:

Name	Shareholders' equity	% Shareholdings	Purchases/ Sales	Dividends received	Book value at cost
1. Cabel Leasing S.p.A.	10,000	52.00%	0	0	17,694
2. Immobiliare 1884 S.r.l.	13,500	100.00%	0	0	13,500
3. Invest Italy Sim S.p.A.	4,011	72.10%	0	0	614
Totals	**27,511**		**0**	**0**	**31,809**

Name	Shareholders' equity	% Shareholdings	Purchases/Sales	Dividends received	Book value at PN
4. Cabel Holding S.p.A.	29,239	49.60%	0	0	14,503
5. Cabel Industry S.p.A.	8,840	18.00%	0	0	1,591
6. Gardena Capital LTD	669	39.00%	669	0	261
7. Cabel Ip S.p.A.	356	25.48%	0	0	45
Totals	**39,105**		**669**	**0**	**16,400**

7.5 Equity investments: annual variations

Line items	Total at 31/12/2021	Total at 31/12/2020
A. Initial value	**51,688**	**43,810**
B. Additions	**4,511**	**7,878**
B.1 Purchases	4,392	7,578
of which: merger transactions	892	0
B.2 Write-backs of value	0	0
B.3 Revaluations	77	300
B.4 Other variations	42	0
C. Reductions	**7,989**	**0**
C.1 Sales	0	0
C.2 Value adjustments	0	0
C.3 Write-downs	7,989	0
C.4 Other variations	0	0
D. Final values	**48,209**	**51,688**
E. Total revaluations	**13,197**	**13,120**
F. Total adjustments	**0**	**0**

Notes:
Line B.1 "Purchases" includes the capital increase of the company Immobiliare 1884 srl in the amount of 3,500 thousand euro, as well as the shareholdings purchased through the merger with Invest Banca for 892 thousand euro.
Line B.3 "Revaluations" includes the revaluation of the company Cabel Industry S.p.A. for 77 thousand euro.
Line C.3 "Write-downs" includes the write-down of the company Cabel Holding s.p.a. for 7,458 thousand euro, and the write-back of the company Cabel Industry s.p.a. for 518 thousand euro.
Specifically, as regards the subsidiary Cabel Holding, the variation recorded for the period in review, equal to 7.458 million euro overall, was allocated for 1.282 million euro to a valuation reserve (OCI) and for 6.176 million euro to line item 220 of the income statement "Profit (Loss) on equity investments". The share allocated to reserve, equal to 1.282 million euro, is due to value adjustments of the subsidiary relative to revaluations made during the previous years and allocated to the valuation reserve. The decrease in value recognised relative to data as at 30 September 2021 is due both to the full abatement of the payment in capital account, equal to 7 million euro, made by Cabel Holding in favour of Invest Banca, executed on the basis of the last valuations of the latter and on the losses recorded by the company during the period of reference.

Balance sheet data for 2021 include data relative to the financial statements approved by subsidiaries as at 31/12/2020 and the data relative to 30/09/2021 from the situations approved by the respective Boards of Directors.

7.7 Equity investments: commitments referred to investments in companies subject to significant influence
There are no investments that may generate potential liabilities deriving from any joint investment.

7.8 Equity investments: restrictions
There are no significant restrictions referred to investments in companies subject to significant influence.

Section 8 – Property, plants and equipment - Line item 80

8.1 Property, plants and equipment with a functional use: break down of assets measured at cost

Assets/values	Total at 31/12/2021	Total at 31/12/2020

Assets/values	Total at 31/12/2021	Total at 31/12/2020
1. Owned assets	**52,907**	**55,663**
a) land	9,353	11,127
b) buildings	29,793	30,448
c) furniture	9,718	9,595
d) electronic equipment	1,054	975
e) other	2,988	3,518
2. Rights of use acquired through leases	**16,089**	**15,809**
a) land	0	0
b) buildings	16,024	15,758
c) furniture	0	0
d) electronic equipment	0	0
e) other	64	51
Total	**68,996**	**71,472**
of which: acquired by en forcing guarantees	*0*	*0*

Notes:

All the Bank's property, plants and equipment are measured at cost; the line item "land" indicates the value of the land, which is separated from the value of the buildings.

Sub-line item 2 shows the rights of use purchased with financial leases, subsequent to coming into effect of the new IFRS 16 accounting principle starting 1.1.2019.

The line item includes property, plants and equipment assets acquired through the merger with Invest Banca SpA for overall 4,412 thousand euro.

8.6 Property, plants and equipment with a functional use: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2021
A. Initial gross value	**11,127**	**67,044**	**14,272**	**3,889**	**13,144**	**109,477**
A.1 Total net reductions of value	0	20,838	4,677	2,914	9,576	38,005
A.2 Initial net value	**11,127**	**46,206**	**9,595**	**975**	**3,569**	**71,472**
A.3 Modification of opening balances (FTA IFRS16)	0	0	0	0	0	0
A.4 Net balance	**11,127**	**46,206**	**9,595**	**975**	**3,569**	**71,472**
B. Additions:	**0**	**5,243**	**571**	**2,625**	**774**	**9,213**
B.1 Purchases	0	5,075	571	444	774	6,864
of which: merger transactions	0	1,673	236	10	25	1,943
B.2 Expenses for capitalised improvements	0	155	0	0	0	155
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
B.5 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from real property held for investment	0	0	0	0	0	0
B.7 Other variations	0	13	0	2,180	0	2,193
C. Reductions:	**1,774**	**5,632**	**448**	**2,545**	**1,290**	**11,689**
C.1 Sales	1,774	1,414	0	0	0	3,188
C.2 Depreciation	0	3,471	448	365	1,290	5,574
C.3 Value adjustments from impairment allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
C.4 Decreases of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	0	0	0	0	0	0
b) Non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2021
C.7 Other variations	0	747	0	2,180	0	2,927
D. Final net values	**9,353**	**45,818**	**9,718**	**1,054**	**3,053**	**68,996**
D.1 Total net reductions of value	0	24,297	5,746	1,340	11,266	42,648
D.2 Final gross values	**9,353**	**70,114**	**15,464**	**2,394**	**14,319**	**111.644**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Notes:
Line item B.1 "Purchases" includes renewals of contracts for goods purchased through lease contracts. These amounts are detailed in table B 8.6 bis.
Line item "B.1 Purchases - of which: merger transactions" includes property, plants and equipment owned by Invest Banca S.p.A. acquired through the merger transaction.

Depreciation was measured *pro rata* as specified below:

Type	Percent
- Land	0.00%
- Buildings	3.00%
- Artwork	0.00%
- Furniture and furnishings	12.00%
- AED plants, machinery and equipment	20.00%
- Technical plants, machinery and equipment	15.00%
- Vehicles	20.00%
- Rights of use	Based on the duration of the contract

8.6 bis Of which - Property, plants and equipment with a functional use - Rights of use acquired through leases: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2021
A. Initial gross value	**0**	**20,253**	**0**	**0**	**96**	**20,350**
A.1 Total net reductions of value	0	4,496	0	0	45	4,541
A.2 Initial net value	**0**	**15,758**	**0**	**0**	**51**	**15,809**
A.3 Modification of opening balances (FTA IFRS16)	0	0	0	0	0	0
A.4 Net balance	**0**	**15,758**	**0**	**0**	**51**	**15,809**
B. Additions:	**0**	**3,403**	**0**	**0**	**39**	**3,441**
B.1 Purchases	0	3,403	0	0	39	3,441
of which: merger transactions	0	2,403	0	0	39	2,442
B.2 Expenses for capitalised improvements	0	0	0	0	0	0
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders’ equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
B.5 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from real property held for investment	0	0	0	0	0	0
B.7 Other variations	0	0	0	0	0	0
C. Reductions:	**0**	**3,136**	**0**	**0**	**25**	**3,161**
C.1 Sales	0	0	0	0	0	0
C.2 Depreciation	0	2,389	0	0	25	2,415
C.3 Value adjustments from impairment allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders’ equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
C.4 Decreases of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders’ equity	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2021
a) property, plants and equipment held as investments	0	0	0	0	0	0
b) Non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0
C.7 Other variations	0	747	0	0	0	747
D. Final net values	**0**	**16,024**	**0**	**0**	**64**	**16,089**
D.1 Total net reductions of value	0	6,885	0	0	70	6,956
D.2 Final gross values	**0**	**22,909**	**0**	**0**	**135**	**23,044**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Line item "B.1 Purchases- of which: merger transactions" includes rights of use owned by Invest Banca S.p.A. and acquired through the merger transactions.

Section 9 - Intangible assets - Line item 90

9.1 Intangible assets: breakdown by type of asset

Asset/values	Total at 31/12/2021		Total at 31/12/2020	
	Limited duration	Indefinite duration	Limited duration	Indefinite duration
A.1 Goodwill	0	0	0	0
A.2 other intangible assets	**3,646**	**0**	**3,234**	**0**
Of which: software	*3,646*	*0*	*3,234*	*0*
A.2.1 Assets measured at cost:	3,646	0	3,234	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	3,646	0	3,234	0
A.2.2 Assets measured at fair value:	0	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	0	0	0	0
Total	**3,646**	**0**	**3,234**	**0**

Notes:
All the Bank's intangible assets are measured at cost.

9.2 Intangible assets: annual variations

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 31/12/2021
		limited duration	indefinite duration	limited duration	indefinite duration	
A. Initial gross value	**0**	**0**	**0**	**8,170**	**0**	**8,170**
A.1 Total net reductions of value	0	0	0	4,936	0	4,936
A.2 Initial net value	**0**	**0**	**0**	**3,234**	**0**	**3,234**
B. Additions						
B.1 Purchases	0	0	0	1,339	0	1,339
B.2 Increases of internal intangible assets	0	0	0	0	0	0
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value						
- to shareholders' equity	0	0	0	0	0	0
- to income statement	0	0	0	0	0	0
B.5 Increases in exchange rates	0	0	0	0	0	0
B.6 Other variations	0	0	0	0	0	0
C. Reductions						
C.1 Sales	0	0	0	0	0	0
C.2 Value adjustments						
- Depreciation	0	0	0	927	0	927
- Write-downs						
+ shareholders' equity	0	0	0	0	0	0
+ income statement	0	0	0	0	0	0
C.3 Decreases in fair value						
- to shareholders' equity	0	0	0	0	0	0

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 31/12/2021
		limited duration	indefinite duration	limited duration	indefinite duration	
- to income statement	0	0	0	0	0	0
C.4 Transfers to non current assets in course of divestment	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Other variations	0	0	0	0	0	0
D. Final net values	**0**	**0**	**0**	**3,646**	**0**	**3,646**
D.1 Total net value adjustments	0	0	0	5,863	0	5,863
E. Final gross values	**0**	**0**	**0**	**9,510**	**0**	**9,510**
F. Measurement at cost	0	0	0	0	0	0

Note:
Other intangible assets consist in goodwill and the cost of company software.

Section 10 - Tax receivables and liabilities – Asset line item 100 and Liabilities line item 60

10.1 Assets for pre-paid taxes: breakdown

Line items/values	Total 31/12/2021	Total 31/12/2020
1. Multi-year costs	0	0
2. Personnel costs	393	444
3. Receivables	16,475	19,143
4. Entertainment expenses	0	0
5. Financial instruments (HTCS securities)	1,131	930
6. Tax losses	8,348	1,843
7. Goodwill	1,589	1,717
8. Other	206	122
Total	**28,142**	**24,197**

Notes:
The line item "Financial instruments" shows tax receivables related to financial instruments classified in the portfolio of financial assets measured at fair value with impact on total profits.
The line item "Tax losses" is composed of the following tax losses:

- 1,700 thousand euro: tax receivables calculated on tax losses recognised in the Bank's previous fiscal year;
- 1,643 thousand euro: tax receivables calculated on tax losses accrued as at 31.12.2019 by Invest Banca, purchased with the merger transaction;
- 5,005 thousand DTA connected to the merger transaction, recognised pursuant to comma 233 or article 1 of Law n. 178/2020 (6,673 euro gross tax– 1,668 euro (25%) already transformed into a tax credit during the 2021 fiscal year).

This regulation, in case of company mergers, allows the subject resulting from the merger to convert into a tax credit – on payment of a fee – receivables from pre-paid taxes referred to the tax losses accrued up to the tax period prior to that underway at the date that the transaction becomes legally effective and not yet calculated in reduction of taxable income. On this matter, please note that with the appeal, submitted on 15.10.2021, the Revenue Agency was requested to dis-apply the limitations provided for by article 172, comma 7, of the TUIR, regarding the reporting of previous tax losses, of interest expense surpluses and of the ACE benefit, within the scope of a merger by incorporation as per articles 2501-ter and following, of the Italian Civil Code, between Banca Cambiano 1884 S.p.A. and Invest Banca S.p.A. under extraordinary administration. On 10 February 2022, the Revenue Agency requested that the appealing company submit additional documentation. On this matter, we can confirm that the interpretation held up by the Bank in the appeal, with the backing of its tax consultants, regarding the reportability of tax losses deriving from the management of former Invest Banca, now incorporated into Banca Cambiano 1884 spa, is founded on the base of reference regulations and the interpretative praxis known to date. Finally, it must be remembered that the filing of an application for the purposes of the reportability of losses in the event of a merger is obligatory pursuant to article 172 comma 7 of the TUIR if the conditions provided for by the provision in question regarding profitability indexes are not exceeded (a condition met in the case in point), and neither are the capitalization indexes (not met in the case in point). The request for additional documentation by the Revenue Agency does not change the above conclusions, in the it is aimed, as is usual, at acquiring additional information that the Agency itself considers necessary for the purpose of the appeal. Lastly, please note that the additional documentation must be submitted by the applicant company within one year of the date of the request and that the Revenue Agency has a term of 60 days from receiving said additional documentation to return a response.

Breakdown of assets for pre-paid taxes point 3. Credits from the previous table:

N.	Line items/values	Total 31/12/2021	Total 31/12/2020
1.	IRAP (tax on productive activities) scheduled for 2018 - deferred to 2026	0	0
2.	IRES (corporate income tax) scheduled for 2018 - deferred to 2026	0	0
3.	IRAP (tax on productive activities) scheduled for 2019 - deferred to 2027	0	0
4.	IRES (corporate income tax) scheduled for 2019 - deferred to 2027	0	0
5.	IRAP (tax on productive activities) scheduled for 2020	0	0

N.	Line items/values	Total 31/12/2021	Total 31/12/2020
6.	IRES (corporate income tax) scheduled for 2020	0	0
7.	IRAP (tax on productive activities) scheduled for 2021	0	353
8.	IRES (corporate income tax) scheduled for 2021	0	2,315
9.	IRAP (tax on productive activities) scheduled for 2022	353	353
10.	IRES (corporate income tax) scheduled for 2022	2,315	2,315
11.	IRAP (tax on productive activities) scheduled for 2023	353	353
12.	IRES (corporate income tax) scheduled for 2023	2,315	2,315
13.	IRAP (tax on productive activities) scheduled for 2024	353	353
14.	IRES (corporate income tax) scheduled for 2024	2,315	2,315
15.	IRAP (tax on productive activities) scheduled for 2025	147	147
16.	IRES (corporate income tax) scheduled for 2025	965	965
17.	IRAP (tax on productive activities) scheduled for 2026	294	294
18.	IRES (corporate income tax) scheduled for 2026	1,929	1,929
19.	IRAP (tax on productive activities) scheduled for 2027	353	353
20.	IRES (corporate income tax) scheduled for 2027	2,315	2,315
21.	IRAP (tax on productive activities) on adjustments due to FTA IFRS9 scheduled for 2028	416	416
22.	IRES (corporate income tax) on adjustments due to FTA IFRS9 scheduled for 2028	2,052	2,052
	Total	**16,475**	**19,143**

10.2 Liabilities for deferred taxes: breakdown

Line items/values	Total 31/12/2021	Total 31/12/2020
1. Property, plants and equipment	114	0
2. Personnel costs	0	0
3. Former credit risk fund	0	0
4. Equity investments	28	46
5. Financial instruments (HTCS securities)	0	111
6. Goodwill	0	0
7. Other	83	100
Total	**225**	**257**

Note:
The line item "Equity investments" shows tax liabilities referred to equity investments calculated at the IRES rate (27.50%) on 5.00% of overall capital gain (2,063 thousand euro).
The line "Financial instruments" shows tax liabilities related to financial instruments classified in the portfolios of financial assets measured at fair value with impact on total profits.

10.3 Variations to pre-paid taxes (as a counter-entry of the income statement)

Line items	Total 31/12/2021	Total 31/12/2020
1. Initial value	**22,824**	**22,727**
2. Additions		
2.1 Pre-paid taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes to accounting policies	0	0
c) write-backs of value	0	0
d) other	8,566	2,831
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Pre-paid taxes derecognised during the fiscal year		
a) reversals	2,918	2,734
b) write-downs for receivables written off as unrecoverable	0	0
c) changes to accounting principles	0	0
d) other	0	0
3.2 Reductions of tax rates	0	0

Line items	Total 31/12/2021	Total 31/12/2020
3.3 Other reductions		
a) transformation in tax credits pursuant to Law n. 214/2011	1,854	0
b) other	0	0
4. Final value	**26,618**	**22,824**

Notes:
The table summarizes all pre-paid taxes which will be absorbed in subsequent fiscal years as offsets to the income statement.
The sub-line item "d) other" under Additions includes the recognition of receivables for pre-paid taxes on tax losses recognised subsequent to the merger for 6,648 thousand euro, on the Bank's tax losses for 1,711 thousand euro and on 'ACE relative to 2021 – for which a communication has been submitted to the Revenue Agency for the transformation into tax credits – for 206 thousand euro.

10.3.1 Variations of pre-paid taxes as per Law 214/2011 (as offsets in the income statement)

Line items	Total 31/12/2021	Total 31/12/2020
1. Initial value	**16,675**	**19,343**
2. Additions	**0**	**0**
3. Reductions	**2,668**	**2,668**
3.1 reversals	2,668	2,668
3.2 transformation into tax credits	0	0
a) deriving from operating losses	0	0
b) deriving from tax losses	0	0
3.3 other reductions	0	0
4. Final value	**14,007**	**16,675**

10.4 Variations of deferred taxes (as offsets in the income statement)

Line items	Total 31/12/2021	Total 31/12/2020
1. Initial value	**100**	**2,027**
2. Additions		
2.1 Deferred taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes in accounting principles	0	0
c) other	114	3
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognised during the fiscal year		
a) reversals	17	1,930
b) due to changes in accounting principles	0	0
c) other	0	0
3.2 Changes in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**197**	**100**

Notes:
The table summarised all deferred taxes that will be absorbed during subsequent fiscal years as offsets in the incomes statement.

10.5 Variations to pre-paid taxes (as offset to shareholders' equity)

Line items	Total 31/12/2021	Total 31/12/2020
1. Initial value	**1,374**	**892**
2. Additions		
2.1 Pre-paid taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes to accounting policies	0	0
c) other	1,060	482
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0

Line items	Total 31/12/2021	Total 31/12/2020
3. Reductions		
3.1 Pre-paid taxes derecognised during the fiscal year		
a) reversals	910	0
b) write-downs for receivables written off as unrecoverable	0	0
c) due to changes to accounting policies	0	0
d) other	0	0
3.2 Changes in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**1,524**	**1,374**

Note:
The variations are due to pre-paid taxes recognised in movements of reserves of shareholders' equity relative to financial instruments classified in the portfolios of financial assets measured fair value with impact on total profits.

10.6 Variations to deferred taxes (as offset to shareholders' equity)

Line items	Total 31/12/2021	Total 31/12/2020
1. Initial value	**157**	**229**
2. Additions		
2.1 Deferred taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes to accounting policies	0	0
c) other	0	0
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognised during the fiscal year		
a) reversals	129	72
b) due to changes to accounting policies	0	0
c) other	0	0
3.2 Reductions of tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**28**	**157**

10.7 Other information – Assets due to current taxes– Breakdown

Line items	Total 31/12/2021	Total 31/12/2020
1. Advances paid to the tax authority	66	10,935
2. Tax receivables – principal	8,670	0
3. Tax receivables – interest	0	0
4. Other withholdings	189	140
Total	**8,925**	**11,075**

Notes:
Assets due current taxes recognised at 31 December 2021 are shown on a "closed" account basis in the balance sheet and on an "open" account basis in the table above.
The sub-line item "Tax receivables - principal " includes credits deriving from tax returns for 5,902 thousand euro (IRAP tax credit equal to 1,212 thousand and IRES tax credit equal to 4,690 thousand euro), the IRES credit deriving from the transformation of DTA as per Law n. 214/2011 equal to 1,668 thousand euro, and tax credits deriving from the merger with Invest Banca S.p.A., equal to 1,100 thousand euro.

10.7 Other information – Liabilities due to current taxes

Line items	Total1 31/12/2021	Total 31/12/2020
1. Fund for IRES tax	339	510
2. Fund for IRAP tax	170	78
3. Fund for stamp duties	0	31
4. Tax fund – substitute tax Law n.244/2007	0	0
5. Tax fund – Other	0	18
Total	**508**	**636**

Section 12 - Other assets - Line item 120

12.1 Other assets: breakdown

Line items	Total 31/12/2021	Total 31/12/2020
01. Other debtors	12,851	4,361
02. Entries in transit	2,188	215
03. Entries being processed	18,616	16,746
04. Entries to be settled	212	128
05. Stipulated loans to be disbursed	4,705	14,863
06. Checks, bills returned unpaid and protested	33	135
07. Assets sold and not derecognised	0	0
08. Assets for expenses on third party goods	1,059	899
09. Expenses not yet invoiced	123	171
10. Costs to be allocated	0	0
11. Advance operations on securities	591	718
12. Various open entries	6,544	5,421
13. Accrued income and prepayments	1,840	2,140
14. Securities to be settled (Sales)	0	0
15. Loans for tax bonuses	21,885	45
16. Various tax entries	7,665	0
Total	**78,312**	**45,842**

LIABILITIES

Section 1 - Financial liabilities valued at amortised cost - Line item 10

1.1 Financial liabilities valued at amortised cost: breakdown by type of payables to banks

Type of transactions/Values	Total at 31/12/2021				Total at 31/12/2020				Variation	Variation %
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Payables to central banks	1,066,717	0	0	1,066,717	786,725	0	0	786,725	279,992	35.59%
2. Payables to banks										
2.1 Current accounts and demand deposits	65,902	0	0	65,902	68,334	0	0	68,334	-2,432	-3.56%
2.2 Time deposits	15,003	0	0	15,003	0	0	0	0	15,003	-
2.3 Loans	4,799	0	0	4,799	4,610	0	0	4,610	189	
2.3.1 Repurchase agreements - payable	0	0	0	0	0	0	0	0	0	
2.3.2 Other	4,799	0	0	4,799	4,610	0	0	4,610	189	
2.4 Liabilities for commitments to repurchase own shares	0	0	0	0	0	0	0	0	0	
2.5 Liabilities for leases	0	0	0	0	0	0	0	0	0	
2.6 Other liabilities	0	0	0	0	0	0	0	0		
Total	**1,152,421**	**0**	**0**	**1,152,421**	**859,669**	**0**	**0**	**859,669**	**292,753**	**34.05%**

Notes:
Payables to banks are all measured at cost or at amortised cost.
The line item “Payables to central banks” includes the TLTROII opened by the Bank during 2020 and 2021 for overall € 1,066,717 thousand euro.
The amount at 31/12/2021 is less the interest expenses calculated at a -1.00% rate from the date of initiation (8,283 thousand euro).

1.2 Financial liabilities valued at amortised cost: breakdown by type of payables to customers

Type of transactions/Values	Total at 31/12/2021				Total at 31/12/2020				Variation	Variation %
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Current accounts and demand deposits	2,579,651	0	0	2,579,651	2,102,386	0	0	2,102,386	477,265	22.70%
2. Time deposits	576,660	0	0	576,660	567,949	0	0	567,949	8,711	1.53%
3. Loans	80,763	0	0	80,763	13,675	0	0	13,675	67,088	490.58%
3.1 Repurchase agreements – liabilities	80,763	0	0	80,763	13,004	0	0	13,004	67,759	521.08%
3.2. Other	0	0	0	0	672	0	0	672	-672	-100.00%
4. Liabilities for commitments to repurchase own shares	0	0	0	0	0	0	0	0	0	
5. Liabilities for leases	16,520	0	0	16,520	16,113	0	0	16,113	408	2.53%
6. Other liabilities	1,289	0	0	1,289	193	0	0	193	1,096	566.73%
Total	**3,254,884**	**0**	**0**	**3,254,884**	**2,700,316**	**0**	**0**	**2,700,316**	**554,567**	**20.54%**

Notes:
Payables to customers are measured at cost or at amortised cost.
Line item 5 "Liabilities for leases" includes liabilities for leases booked in accordance with the new IFRS16 accounting standard.

1.3 Financial liabilities valued at amortised cost: breakdown by type of outstanding securities

Type of security/Values	Total at 31/12/2021				Total at 31/12/2020			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Securities	141,372	0	0	141,372	146,523	0	0	146,523
1.1 structured	0	0	0	0	0	0	0	0
1.2 other	141,372	0	0	141,372	146,523	0	0	146,523
2. Other securities	89	0	0	89	115	0	0	115
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	89	0	0	89	115	0	0	115
Total	**141,462**	**0**	**0**	**141,462**	**146,638**	**0**	**0**	**146,638**

Notes:

The table indicates deposits consisting of securities that also include, in addition to bonds, outstanding and matured certificates of deposit to be repaid.
All of the liabilities are measured at cost or at amortised cost, with the exception of entries that are the object of specific hedges of the interest rate risk on which the effect of the Swap was capitalized. Liabilities are indicated net of repurchased bonds.

1.4 Financial liabilities valued at amortised cost: detail of subordinate securities/liabilities

ISIN	Date of issue	Date of redemption	Issue value	Amount attributable to own funds
- Isin IT0005337719	28/06/2018	28/06/2025	45,000	31,421
- Isin IT0005371270	10/06/2019	10/06/2029	5,000	5,000
- Isin IT0005376287	20/06/2019	20/06/2029	1,000	1,000
- Isin IT0005385668	25/09/2019	25/09/2029	2,000	2,000
- Isin IT0005391518	05/12/2019	05/12/2029	1,000	1,000
- Isin IT0005396426	20/12/2019	20/12/2024	3,000	1,782
- Isin IT0005253148	01/06/2017	01/06/2024	4,700	2,272
Total			**61,700**	**44,474**

1.6 Financial liabilities valued at amortised cost: liabilities for leases

TIME BRACKETS	Total at 31/12/2021	
	Payments to be made	
	Financial leases	Operating leases
Up to 1 year	0	21
From over 1 year to 2 years	0	192
From over 2 years to 3 years	0	199
From over 3 years to 4 years	0	1,310
From over 4 years to 5 years	0	1,744
Over 5 years	0	13,028
All payments due for leases	0	16,495
RECONCILIATION WITH LIABILITIES:		
Financial profits not accrued (-) (discount effect)	0	26
Liabilities for leases	**0**	**16,520**

Notes:
Please note that Table “1.6 Liabilities for leases” shows an analysis by time brackets of liabilities referred to leases, as required by the IFRS16 accounting standard and by the 7th update of Bank of Italy Circular n.262.

Section 2 - Financial liabilities from trading - Line item 20

2.1 Financial liabilities from trading: breakdown by type

Type of transactions/Values	Total at 31/12/2021					Total at 31/12/2020				
	Notional value	Fair value			Fair Value (*)	Notional value	Fair value			Fair Value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Payables to banks	0	0	0	0	0	0	0	0	0	0
2. Payables due to customers	0	0	0	0	0	0	0	0	0	0
3. Debt securities	0	0	0	0	0	0	0	0	0	0
3.1 Securities	0	0	0	0	0	0	0	0	0	0
3.1.1 Structured	0	0	0	0	0	0	0	0	0	0
3.1.2 Other securities	0	0	0	0	0	0	0	0	0	0
3.2 Other securities	0	0	0	0	0	0	0	0	0	0
3.2.1 Structured	0	0	0	0	0	0	0	0	0	0
3.2.2 Other	0	0	0	0	0	0	0	0	0	0
Total A	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Derivative instruments	**0**	**0**	**0**	**694**	**0**	**0**	**0**	**0**	**641**	**0**
1. Financial derivatives	0	0	0	694	0	0	0	0	641	0
1.1 From trading	0	0	0	694	0	0	0	0	641	0
1.2 Connected with the fair value option	0	0	0	0	0	0	0	0	0	0

Type of transactions/Values	Total at 31/12/2021					Total at 31/12/2020				
	Notional value	Fair value			Fair Value (*)	Notional value	Fair value			Fair Value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1.3 Other	0	0	0	0	0	0	0	0	0	0
2. Credit derivatives	0	0	0	0	0	0	0	0	0	0
2.1 From trading	0	0	0	0	0	0	0	0	0	0
2.2 Connected with the fair value option	0	0	0	0	0	0	0	0	0	0
2.3 Other	0	0	0	0	0	0	0	0	0	0
Total B	**0**	**0**	**0**	**694**	**0**	**0**	**0**	**0**	**641**	**0**
Total A + B	**0**	**0**	**0**	**694**	**0**	**0**	**0**	**0**	**641**	**0**

Key
FV (*) - fair value measured excluding variations due to changes in issuer creditworthiness with respect to the date of issue.

Section 4 - Hedges - Line item 40

4.1 Hedges: breakdown by type of hedge and hierarchical level

Line items	Fair value 31/12/2021			Notional value 31/12/2021	Fair value 31/12/2020			Notional value 31/12/2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	**0**	**0**	**141**	**20,000**	**0**	**0**	**419**	**20,000**
1) Fair value	0	0	141	20,000	0	0	419	20,000
2) Cash flows	0	0	0	0	0	0	0	0
3) Foreign investments	0	0	0	0	0	0	0	0
B. Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1) Fair value	0	0	0	0	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
Total	**0**	**0**	**141**	**20,000**	**0**	**0**	**419**	**20,000**

Notes:
The table shows the negative balance sheet value (fair value) of hedge contracts, using the hedge accounting instrument.
Specifically, a bond issued by the Bank was hedged in order to hedge the relative interest rate risk.

4.2 Hedges: breakdown by hedged portfolios and type of hedge

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	Debt securities and interest rates	Capital securities and equity indexes	Currency and gold	Credit	Goods	Other				
1. Financial assets measured at fair value with impact on total profits	141	0	0	0	0		0	0	0	0
2. Financial assets measured at amortised cost	0	0	0	0	0		0	0	0	0
3. Portfolio	0	0	0	0	0		0	0	0	0
4. Other transactions	0	0	0	0	0		0	0	0	0
Total assets	**141**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**
1. Financial liabilities	0	0	0	0	0		0	0	0	0
2. Portfolio	0	0	0	0	0		0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**
1. Expected transactions	0	0	0	0	0		0	0	0	0
2. Portfolio of financial assets and liabilities	0	0	0	0	0		0	0	0	0

Section 8 - Other liabilities - Line item 80

8.1 Other liabilities: breakdown

Line items	Total at 31/12/2021	Total at 31/12/2020

01. Various tax entries	9,359	5,069
02. Entries in transit	2,605	736
03. Differences receivable on offset of third party portfolios	48,903	39,936
04. Suppliers	6,445	4,638
05. Entries being processed and other creditors	9,926	30,183
06. Accrued liabilities and deferred income	4,557	3,483
07. Borrower account for stipulated loans to be disbursed	4,705	14,863
08. Securities to be settled (Purchases)	1	12,515
09. Amortised cost difference on capital instruments	182	0
Total	**86,683**	**111,421**

Section 9 - Employee severance pay - Line item 90

9.1 Employee severance pay: annual variations

Line items	Total 31/12/2021	Total 31/12/2020
A. Initial value	**4,036**	**3,864**
B. Additions		
B.1 Allocations during the fiscal year	1,193	1,121
B.2 Other variations	169	266
C. Reductions		
C.1 Payments made	340	93
C.2 Other variations	1,387	1,121
D. Final values	**3,672**	**4,036**
Total	**3,672**	**4,036**

Notes:
Line item B.1 "Allocations during the fiscal year" includes severance pay matured during the fiscal year in the amount of 1,193 thousand euro.
Line item B.2 "Other variations" includes the “Service Cost” in the amount of 44 thousand and the severance pay Fund relative to Invest Banca employees, acquired with the merger transactions, for 125 thousand euro.
Line item C.1 "Payments made" includes the "Benefit Paid", for IAS purposes, of severance pay in the amount of 340 thousand euro.
Line item C.2 "Other variations" includes the Interest Cost", in the amount of 7 thousand euro, Actuarial Gains/Losses in the amount of 186 thousand euro, and severance pay reversed into the Integrative Pension Fund for employees (external) or Inps Treasury, in the amount of 1,193 thousand euro.

Other information

In accordance with the provisions of IAS 19, employee severance pay was measured by applying specific discounting estimations provided for the treatment of defined performance funds.
The measurement, certified by designated external experts, was made using the "accrued benefits" method, through the "Projected Unit Credit" (PUC) criterion, as required by IAS 19, and considering the following demographic and financial hypotheses:
- the annual discount rate used to calculate the current value of the security is 0.375% and was determined, in conformity to par. 83 of IAS 19, in reference to the structure for expiry of interest rates derived using the bootstrap method from the curve of swap rates as at 31.12.2021 and fixed with respect to liabilities with an average residual duration equal to 11 years;
- the annual rate of increase of severance pay as provided for by art. 2120 of the Italian Civil Code is equal to 75% of inflation plus 150 basis points;
- the annual inflation rate applied from 2021 on is equal to 1.5%
- among demographic technical bases, the probabilities of death were deduced from those for the Italian population divided by gender and age measured by ISTAT in 2000 and reduced by 25%;
- the annual frequencies for advances and turnover were deduced based on the Bank’s historical experience.

The measurement of employee severance pay using the abovementioned methods gave the following results:

Line items/values	Total 31/12/2021
Current value of fixed benefit securities at 31/12/2020	**4,036**
Total service costs 01/01/2021 - 31/12/2021	44
Costs for interest 01/01/2021 - 31/12/2021	-7
Net periodic costs	37
Actuarial Profit (+)/Loss(-)01/01/2021 - 31/12/2021	-186
Purchase of branch of business	124
Lending 01/01/2021 -31/12/2021	340
Current value of fixed benefit securities al 31/12/2021	**3,672**

Starting in 2013, with the application of the reviewed IAS 19 accounting standard, actuarial differences are booked directly to shareholders' equity. The volume of employee severance pay based on national regulations, and that with respect to the Bank's contract and legal obligations vis-à-vis employees amounts to € 2.993 million.

Section 10 - Risk and expense funds - Line item 100

10.1 Risk and expense funds: breakdown

Line items/values	Total 31/12/2021	Total 31/12/2020
1. Funds for credit risk related to commitments and issued financial guarantees	1,882	2,445
2. Funds for other commitments and other issued guarantees	0	0
3. Funds for company pensions	0	0
4. Other risk and expense funds	5,951	170
4.1 lawsuits	5,210	170
4.2 personnel costs	0	0
4.3 other	742	0
Total	**7,834**	**2,615**

The fund for lawsuits includes the allocation relative to pending lawsuits made by Invest Banca and acquired with the merger.
Said fund, booked in the Invest Banca financial statements in the amount of 3,555 thousand euro, was increased to 1,504 thousand euro to take into account liabilities deriving from pending lawsuits for which loss of the dispute is considered not only "probable" but also "possible" , as required by IFRS3 accounting standard.
The Other Risk and Expense Funds include the allocation made for the "IT event" detailed in the Report on management.
Potential liabilities relative to lawsuits for which loss of the dispute is considered "possible" amount to overall 9,832 thousand euro.

10.2 Risk and expense funds: annual variations

Line items	Funds for other commitments and other issued guarantees	Pension funds	Other funds	Total at 31/12/2021
A. Initial value	**2,445**	**0**	**170**	**2,615**
B. Additions				
B.1 Allocations during the fiscal year	350	0	2,294	**2,644**
B.2 Variations due to the passing of time	0	0	0	**0**
B.3 Variations due to changes to the discount rate	0	0	0	**0**
B.4 Other variations	0	0	3,640	**3,640**
C. Reductions				
C.1 Use during the fiscal year	913	0	153	**1,066**
C.2 Variations due to changes to the discount rate	0	0	0	**0**
C.3 Other variations	0	0	0	**0**
D. Final values	**1,882**	**0**	**5,951**	**7,834**

The increase to Other Funds is relative to an allocation for 3,640 thousand euro for pending lawsuits made by Invest Banca and acquired subsequent to the merger, and for 2,294 thousand euro to allocations made during the fiscal year due to:

- Allocation of 1,504 thousand euro of the Fund for lawsuit liabilities acquired by Invest Banca to take into account liabilities deriving from the not only "probable" but also "possible" loss of pending lawsuit, as provided for by IFRS3 accounting standard;
- Allocation made for the "IT event", in the amount of 657 thousand euro.

10.3 Funds for credit risk relative to commitments and issued financial guarantees

Line items	Funds for credit risk relative to commitments and issued financial guarantees			
	First stage	Second stage	Third stage	Total at 31/12/2021
1. Commitments to disburse funds	0	0	0	0
2. Issued financial guarantees	310	51	1,521	1,882
Total	**310**	**51**	**1,521**	**1,882**

Section 12 - Shareholders' equity - Line items 110, 130, 140, 150, 160, 170, and 180

12.2 Share capital – Number of shares: annual variations

Line items/Types	Ordinary	Others
A. Outstanding shares at the start of the fiscal year	**232,800**	**0**
- entirely unrestricted	232,800	0
- with restrictions	0	0
A.1 Treasury shares (-)	0	0
A.2 Outstanding shares: initial value	**232,800**	**0**
B. Additions	**0**	**0**
B.1 New issues	0	0
- for payments:	0	0
- corporate merger operations	0	0
- conversion of Securities	0	0
- exercise of warrants	0	0
- other	0	0
- on a fatuitous basis:	0	0
- to employees	0	0
- to directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	0
B.3 Other variations	0	0
C. Reductions	**0**	**0**
C.1 Derecognition	0	0
C.2 Purchase of treasury shares	0	0
C.3 Sale of companies	0	0
C.4 Other variations	0	0
D. Outstanding shares: final values	**232,800**	**0**
D.1 Treasury shares (+)	0	0
D.2 Outstanding shares at the end of the fiscal year	232,800	0
- entirely unrestricted	232,800	0
- with restrictions	0	0

12.3 Share capital: other information - annual variations

Line items	Amounts	Number of shares	Number of shareholders
A. Initial value	**232,800**	**232,800,000**	**276**
B. Additions			
B.1 Purchase of shares – New shareholders	58	58,000	2
B.2 From other variations	1,092	1,091,883	0
C. Reductions			
C.1 Sales – extinct shareholders	1,140	1,139,883	6
C.2 From other variations	10	10,000	0
D. Final values	**232,800**	**232,800,000**	**272**

12.4 Reserves from gains: other information - breakdown of shareholders' equity

Line items	Total 31/12/2021	Total 31/12/2020
1. Share capital	232,800	232,800
2. Premiums on the issue of new shares	803	803
3. Reserves	-50,311	-53,795
3.1 Ordinary/extraordinary reserves	29,300	21,200
3.2 Regulatory reserve	0	0
3.3 Reserves - First Time Adoption IAS/IFRS	-78,146	-78,146
3.4 Reserves - Way Out	3,425	3,425
3.5 Reserves for sale/redemption of FOE Securities	-4,268	-275
3.6 Reserves for payment of coupons on capital instruments	-623	0
4. (Treasury shares)	0	0

Line items	Total 31/12/2021	Total 31/12/2020
5. Valuation reserves	-1,161	584
5.1 Financial assets from trading	0	0
5.2 Financial assets measured at fair value with impact on total profits	-2,159	-1,544
5.3 Financial assets measured at amortised cost	0	0
5.4 Property, plants and equipment	0	0
5.5 Intangible assets	0	0
5.6 Hedging of foreign investments	0	0
5.7 Hedging of cash flows	0	0
5.8 Exchange rate differences	0	0
5.9 Non current assets in course of divestment	0	0
5.10 Actuarial profit (loss) on defined benefit assets	-1,036	-1,171
5.11 Share of valuation reserves of equity investments measured on the basis of shareholders' equity	2,035	3,298
5.12 Special revaluation laws	0	0
6. Capital instruments	27,000	10,000
7. Profit (loss) for the fiscal year	8,100	8,100
Total	**217,232**	**198,492**

12.4 Reserves from gains: other information– division and use of fiscal year profit

Line items	Amount	Accounting classification of capital
- Legal reserve (5.00% of profit)	405	Increase of Liabilities line item 160 (Cet1)
- Extraordinary reserve (including the reserve pursuant to article L.D. 368/2005 for 696,437.56 euro)	6,595	Increase of Liabilities line item 160 (Cet1)
- Shareholders for dividends	1,100	
Total	**8,100**	

12.5 Capital instruments: breakdown and annual variations

ISIN	Date of issue	Date of redemption	Issue value	Amount booked in own funds
- Isin IT0005427023	23/11/2020	31/12/2099	1,500	1,500
- Isin IT0005429375	15/12/2020	15/12/2099	3,500	3,500
- Isin IT0005429755	21/12/2020	21/12/2099	1,000	1,000
- Isin IT0005431777	21/12/2020	21/12/2099	500	500
- Isin IT0005432130	28/12/2020	28/12/2099	3,500	3,500
- Isin IT0005439846	30/03/2021	30/03/2099	5,000	5,000
- Isin IT0005454076	11/08/2021	11/08/2099	5,000	5,000
- Isin IT0005475055	28/12/2021	28/12/2099	7,000	7,000
Total			**27,000**	**27,000**

Note: Line item "130. Capital instruments" includes Additional Tier1 capital instruments issued during 2020 for 10,000 thousand euro and the instruments issued during the current fiscal year for an overall nominal value of 7,000 thousand euro. Said instruments are classified in Additional Tier 1, pursuant to Regulation n. 575 of 2013 (CRR). For further information regarding the accounting treatment of the instruments in question, please consult the details provided in "Part A – Accounting policies" of these Explanatory Notes.

12.6 Other information – Schedule regarding the origin, level of availability, and potential distribution of line items of shareholders' equity (art. 2427, comma 1 n. 7 bis, Italian Civil Code)

In accordance with article 2427, sub-section 7-bis of the Italian Civil Code, the table below shows the breakdown of shareholders' equity according to origin, level of availability and potential distribution of the various entries:

Line items	Amount	Level of availability	Available share	Summary of uses made in the last three fiscal years	
				To hedge losses	For other purposes
Share capital	232,800	B - C	232,800		0
Share premium reserve	803	B - C	803		0
Valuation reserves:					
- HTCS Securities reserve	-2,159	B	-2,159		
- actuarial reserve	-1,036	B	-1,036		
- reserve from equity investments	2,035	B	2,035		
Reserves from gains:					
- undividable legal/regulatory reserve	27,835	B	27,835		
- reserve from transition to International accounting standards	-78,146	B	-78,146		
Total	**182,132**		**182,132**		
Non distributable share			0		

Line items	Amount	Level of availability	Available share	Summary of uses made in the last three fiscal years	
				To hedge losses	For other purposes
Residual distributable share			182,132		

Key: A = to increase share capital - B = to hedge losses - C = to distribute to shareholders

Other information

1. Commitments and issued financial guarantees (other than those measured at fair value)

Line items	Nominal value on commitments and issued financial guarantees				Total 31/12/2021	Total 31/12/2020
	First stage	Second stage	Third stage	Impaired purchased or originated		
1) Commitments to disburse funds	**896,815**	**64,598**	**9,677**	**0**	**971,090**	**1,011,293**
a) Central banks	0	0	0	0	0	0
b) Public administrations	1,089	0	0	0	1,089	680
c) Banks	2,500	0	0	0	2,500	2,500
d) Other finance companies	25,673	11	0	0	25,684	104,992
e) Non finance companies	781,674	61,595	9,259	0	852,528	822,684
f) Families	85,879	2,993	417	0	89,289	80,437
2) Issued financial guarantees	**101,550**	**0**	**0**	**0**	**101,550**	**100,601**
a) Central banks	0	0	0	0	0	0
b) Public administrations	3	0	0	0	3	123
c) Banks	0	0	0	0	0	0
d) Other finance companies	2,410	0	0	0	2,410	1,588
e) Non finance companies	87,951	0	0	0	87,951	87,765
f) Families	11,187	0	0	0	11,187	11,124
Total	**998,365**	**64,598**	**9,677**	**0**	**1,072,640**	**1,111,894**

2. Other commitments and other issued guarantees

Portfolios	Nominal value	
	Amount at 31/12/2021	Amount at 31/12/2020
1. Other issued guarantees	**18,661**	**14,663**
of which: impaired	0	0
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	8,865	8,317
d) Other finance companies	0	0
e) Non finance companies	9,796	6,346
f) Families	0	0
2. Other commitments	**0**	**0**
of which: impaired	0	0
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	0	0
d) Other finance companies	0	0
e) Non finance companies	0	0
f) Families	0	0

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount at 31/12/2021	Amount at 31/12/2020
1. Financial assets measured at fair value with impact on profit and loss account	0	0
2. Financial assets measured at fair value with impact on total profits	22,685	23,083
3. Financial assets measured at amortised cost	953,814	616,189
4. Property, plants and equipment	0	0
of which property, plants and equipment that constitute inventories	0	0

4. Management and trading on behalf of others

Type of service	Amount
1. Trading financial instruments on behalf of customers	**0**
a) purchases	0
settled	0
not settled	0
b) sales	0
settled	0
not settled	0
2. Asset management	**66,946**
3. Custody and management of securities	**5,811,938**
a) third party securities in deposit: related to bank performances as depository bank (excluding asset management)	0
1. securities issued by the bank that prepares the balance sheet	0
2. other securities	0
b) third party securities in deposit (excluding asset management): other	2,229,505
1. securities issued by the bank that prepares the balance sheet	361,640
2. other securities	1,867,865
c) third party securities deposited with third parties	1,211,624
d) treasury securities deposited with third parties	2,370,809
4. Other transactions	**0**

5. Financial assets subject to on-balance sheet netting, or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities netted on- balance sheet (b)	Net amount of financial assets entered in the balance sheet (c = a - b)	Correlated amount not subject to on-balance sheet netting		Net amount at 31/12/2021 (f = c - d - e)	Net amount at 31/12/2020
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivates	67	0	67	0	0	**67**	**8**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total al 31/12/2021	**67**	**0**	**67**	**0**	**0**	**67**	**0**
Total al 31/12/2020	**8**	**0**	**8**	**0**	**0**		**8**

Financial assets – List of transactions subject to netting agreements - Derivates:

Counterparty	Derivative assets	Deposit	Net amount
Banca IMI S.p.A.	67	180	**-113**
Total	**67**	**180**	**-113**

6. Financial liabilities subject to on-balance sheet netting, or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial liabilities netted on-balance sheet (b)	Net amount of financial assets entered in the balance sheet (c = a - b)	Correlated amounts not subject to on-balance sheet netting		Net amount at 31/12/2021 (f = c - d - e)	Net amount at 31/12/2020
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivates	141	0	141	0	0	**141**	**419**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total al 31/12/2021	**141**	**0**	**141**	**0**	**0**	**141**	
Total al 31/12/2020	**419**	**0**	**419**	**0**	**0**		**419**

Financial liabilities – List of transactions subject to netting agreements - Derivates:

Counterparty	Derivative liabilities	Deposit	Net amount
Iccrea Banca s.p.a.	141	150	**-9**

Counterparty	Derivative liabilities	Deposit	Net amount
Totals	**141**	**150**	**-9**

PART C – Information on the income statement

Section 1 – Interest - Line items 10 and 20

1.1. Earned interest and similar income: breakdown

Line items/Technical forms	Debt securities	Loans	Other transactions	Total at 31/12/2021	Total at 31/12/2020	Variation	Variation %
1. Financial assets measured at fair value with impact on profit and loss account:	**267**	**0**	**127**	**394**	**437**	**-43**	-9.88%
1.1 Assets held for trading	39	0	0	39	437	-398	-91.04%
1.2 Financial assets measured at fair value	0	0	0	0	0	0	0.00%
1.3 Other financial assets obligatorily measured at fair value	228	0	127	355	0	355	0.00%
2. Financial assets measured at fair value with impact on total profits	**0**	**0**	**X**	**0**	**639**	**-639**	**-100.00%**
3. Financial assets measured at amortised cost:	**1,523**	**66,776**	**X**	**68,299**	**68,729**	**-431**	**-0.63%**
3.1 Receivables from banks	0	50	X	50	173	-123	-71.02%
3.2 Receivables from customers	1,523	66,726	X	68,248	68,556	-308	-0.45%
4. Hedges	X	X	0	0	0	0	0.00%
5. Other assets	X	X	256	256	0	256	0.00%
6. Financial liabilities	X	X	X	8,900	4,657	4,242	91.09%
Total	**1,790**	**66,776**	**383**	**77,849**	**74,463**	**3,385**	**4.55%**
of which: earned interest on impaired financial assets	**0**	**4,480**	**0**	**4,480**	**5,033**	**-554**	**-11.00%**
of which: earned interest on financial leases	**0**	**548**	**0**	**548**	**395**	**152,80**	**38.70%**

Notes:

The line item "earned interest on financial liabilities" includes interest on the TLTRO III accrued during the fiscal period in the amount of 8,898 thousand euro.

The line item "earned interest on impaired financial assets" includes both interest on impaired loans, in the amount of 2,869 thousand euro, and interest on other impaired exposures, in the amount of 1,610 thousand euro. Interest on impaired loans includes interest collected, in the amount of 477 thousand euro and interest due to the passing of time, booked in this line item in application of the IFRS9 accounting standard, and in the amount of 2,393 thousand euro. The reduction of this component, as compared to the previous year, is due to both the decrease of impaired financial assets and to the drop in interest rates.

1.2 Earned interest and similar income: other information

1.2.1 Earned interest on financial assets in foreign currency

Line items/values	Total 31/12/2021	Total 31/12/2020
Earned interest on financial assets in foreign currency	579	628

1.3 Interest expenses and similar expenses: breakdown

Line items/Technical forms	Liabilities	Securities	Other transactions	Total at 31/12/2021	Total at 31/12/2020	Variation	Variation %
1. Financial liabilities valued at amortised cost	-6,468	-4,664	0	-11,132	-12,126	994	-8.2%
1.1 Payables to central banks	0	X	X	0	0	0	0%
1.2 Payables to banks	-717	X	X	-717	-771	54	-7.02%
1.3 Payables due to customers	-5,752	X	X	-5,752	-6,556	804	-12.26%
1.4 Outstanding securities	X	-4,664	X	-4,664	-4,800	136	-2.84%
2. Financial liabilities from trading	0	0	0	0	0	0	0%
3. Financial liabilities measured at fair value	0	0	0	0	0	0	0%
4. Other liabilities and funds	X	X	-140	-140	-156	17	-10.72%
5. Hedges	X	X	-273	-273	-267	**-7**	2.44%
6. Financial assets	X	X	X	-741	-260	**-482**	185.38%
Total	**-6,468**	**-4,664**	**-413**	**-12,286**	**-12,809**	**523**	**-4.08%**
of which: interest expenses for liabilities for leases	**0**	**0**	**140**	**140**	**156**	**-17**	**-10.72%**

1.4 Interest expenses and similar expenses: other information

1.4.1 Interest expenses on liabilities in foreign currency

Line items/values	Total at 31/12/2021	Total at 31/12/2020
Interest expenses on financial liabilities in foreign currency	-735	-795

1.5 Interest expenses and similar expenses: differences related to hedges

Line items	Total 31/12/2021	Total 31/12/2020
A. Positive differences related to hedges:	0	0
B. Negative differences related to hedges:	273	267
C. Balance (A-B)	**-273**	**-267**

Section 2 – Commissions - Line items 40 e 50

2.1 Commission income: breakdown

Type of services/Values	Total 31/12/2021	Total 31/12/2020*	Variation	Variation %
a) Financial instruments	**1,979**	**1,117**	862	77.21%
1. Trading of financial instruments	**889**	**621**	267	43.05%
1.1 with underwriting and/or on the basis of an irrevocable commitment	889	621	267	43.05%
1.2 without an irrevocable commitments	0	0	0	-
2. Receipt and transmission of orders and execution of order on behalf of customers	**198**	**236**	-38	-16.23%
2.1 Receipt and transmission of orders on one or more financial instruments	0	236	-236	-100.00%
2.2 Execution of orders on behalf of customers	198	0	198	-
3. Other commissions connected to activities related to financial instruments	**892**	**259**	633	244.35%
of which: own trading	169	0	169	462627.53%
of which: asset management	724	259	464	179.22%
b) Corporate Finance	**0**	**0**	0	-
1. Consultancy regarding mergers and acquisitions	0	0	0	-
2. Treasury services	0	0	0	-
3. Other commissions connected to corporate finance services	0	0	0	-
c) Investment consultancy services	3	0	3	-
d) Compensation and regulation	0	0	0	-
e) Custody and management of securities	**127**	**128**	-1	-0.52%
1. Depository bank	0	0	0	-
2. Other commissions connected to custody and management of securities	127	128	-1	-0.52%
f) Central administrative services for collective asset management	0	0	0	-
g) Fiduciary services	0	0	0	-
h) Payment services	**20,000**	**19,901**	98	0.49%
1. Current accounts	15,290	15,511	-221	-1.43%
2. Credit cards	929	1,067	-138	-12.97%
3. Debit cards and other payment cards	1,940	1,634	306	18.75%
4. Bank transfers and other payment orders	1,568	1,430	138	9.66%
5. Other commissions connected to payment services	273	259	14	5.23%
i) Distribution of third party services	**4,362**	**3,682**	680	18.46%
1. collective asset management	0	0	0	-
2 insurance products	3,234	2,841	393	13.84%
3 other products	1,127	841	287	34.07%
of which: individual asset management	0	0	0	-
j) Structured finance transactions	0	0	0	-
k) Servicing for securitisation transactions	175	199	-23	-11.78%
l) Commitments to disburse funds	0	0	0	-
m) Issued financial guarantees	676	577	99	17.20%
of which: credit derivatives	0	0	0	-
n) Funding transactions	1,106	1,276	-170	-13.34%
of which: factoring transactions	0	0	0	-
o) Trading in foreign currency	839	660	179	27.09%

Type of services/Values	Total 31/12/2021	Total 31/12/2020*	Variation	Variation %
p) Goods	0	0	0	-
q) Other commission income	2,283	2,286	-2	-0.11%
of which: for asset management of multilateral exchange systems	0	0	0	-
of which: for asset management of organised trading systems	0	0	0	-
Total	**31,550**	**29,826**	**1,725**	**5.78%**

(*) Data from the previous year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262 .

2.2 Commission income: distribution channels for products and services

Channels/Values	Total 31/12/2021	Total 31/12/2020
a) own branch tellers:	**5,974**	**4,563**
1. asset management	724	259
2. trading of financial instruments	889	621
3. third party services and products	4,362	3,682
b) off-site offers:	**0**	**0**
1. asset management	0	0
2. trading of financial instruments	0	0
3. third party services and products	0	0
c) other distribution channels	**0**	**0**
1. asset management	0	0
2. trading of financial instruments	0	0
3. third party services and products	0	0

2.3 Commission expenses: breakdown

Services/Values	Total at 31/12/2021	Total at 31/12/2020*	Variation	Variation %
a) Financial instruments	-153	-131	-21	16.06%
of which: trading of financial instruments	-59	-8	-51	646.83%
of which: placement of financial instruments	-18	0	-18	-
of which: individual asset management	-76	-124	48	-38.79%
- own assets	-76	0	-76	-
- delegated by third parties	0	-124	124	-100.00%
b) Compensation and regulation	-198	0	-198	-
c) Custody and management of securities	-82	0	-82	-
d) Collection and payment services	-1,519	-1,594	75	-4.73%
of which: credit cards, debit cards and other payment cards	-1,059	-830	-229	27.59%
e) Servicing for securitisation transactions	0	0	0	-
f) Commitments to receive funds	0	0	0	-
g) Financial guarantees received	-491	-704	214	-30.32%
of which: credit derivates	0	0	0	-
h) off-site offer of financial instruments, products and services	0	0	0	-
i) Trading in foreign currency	-312	-308	-4	1.41%
j) Other commission expenses	-82	0	-82	-
Total	**-2,836**	**-2,738**	**-98**	**3.59%**

(*) Data from the previous year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262 .

Section 3 - Dividends and similar income - Line item 70

3.1 Dividends and similar income: breakdown

Line items/Income	Total at 31/12/2021		Total at 31/12/2020	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	1,122	0	835	0
B. Other financial assets obligatorily measured at fair value	28	0	0	0
C. Financial assets measured at fair value with impact on total profits	352	0	359	0

Line items/Income	Total at 31/12/2021		Total at 31/12/2020	
	Dividends	Similar income	Dividends	Similar income
D. Equity investments	0	0	0	0
Total	**1,502**	**0**	**1,194**	**0**

Section 4 - Net trading result - Line item 80

4.1 Net trading result: breakdown

Transactions/Income components	Capital gains (A)	Trading profit (B)	Capital losses (C)	Trading losses (D)	Net income[(A+B) - (C+D)]
1. Financial assets from trading	**0**	**4,569**	**0**	**842**	**3,727**
1.1 Debt securities	0	0	0	842	-842
1.2 Capital securities	0	0	0	0	0
1.3 Shares in mutual funds	0	0	0	0	0
1.4 Loans	0	0	0	0	0
1.5 Other	0	4,569	0	0	4,569
2. Financial liabilities from trading	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0
2.2 Liabilities	0	0	0	0	0
2.3 Other	0	0	0	0	0
3. Financial assets and liabilities: exchange rate differences	**0**	**0**	**0**	**0**	**0**
4. Derivative instruments	**0**	**76**	**0**	**0**	**76**
4.1 Financial derivatives	0	76	0	0	76
- on debt securities and interest rates	0	76	0	0	76
- on capital securities and equity indexes	0	0	0	0	0
- on currency and gold	0	0	0	0	0
- Other	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0
of which: natural hedges connected to the fair value option	X	X	X	X	0,00
Total	**0**	**4,645**	**0**	**842**	**3,803**

Notes:
The table shows the economic result from the portfolio of financial assets held for trading.

Section 5 - Net hedging result - Line item 90

5.1 Net hedging result: breakdown

Income components/Values	Total 31/12/2021	Total 31/12/2020
A. Income related to:		
A.1 Hedges of fair value	0	0
A.2 Hedged financial assets (fair value)	0	0
A.3 Hedged financial liabilities (fair value)	0	0
A.4 Hedges of cash flows	0	0
A.5 Assets and liabilities in foreign currencies	0	0
Total income from pledged assets (A)	**0**	**0**
B. Expenses related to:		
B.1 Hedges of fair value	-8	-59
B.2 Hedged financial assets (fair value)	0	0
B.3 Hedged financial liabilities (fair value)	0	0
B.4 Hedges of cash flows	0	0
B.5 Assets and liabilities in foreign currencies	0	0
Total expenses of pledged assets (B)	**-8**	**-59**
C. Net hedging result (A-B)	**-8**	**-59**
of which: income from hedges on net positions	0	0

Notes:
The table shows the net income from hedges. Therefore, the table details the income components recognised in the income statement, that derive from the measurement of the difference between liabilities that are hedged and the relative hedging contract.

Section 6 - Gains (Losses) from disposals/repurchases- Line item 100

6.1 Gains (Losses) from disposals/repurchases: breakdown

Line items/Income components	Total at 31/12/2021			Total at 31/12/2020		
	Gains	Losses	Net income	Gains	Losses	Net income
A. Financial assets						
1. Financial assets measured at amortised cost	4,149	3,414	734	8,618	50	8,567
1.1 Receivables from banks	4,149	0	4,149	178	0	178
1.2 Receivables from customers	0	3,414	-3,414	8,439	50	8,389
2. Financial assets measured at fair value with impact on total profits	2,472	0	2,472	330	0	330
2.1 Debt securities	2,472	0	2,472	330	0	330
2.2 Loans	0	0	0	0	0	0
Total assets	**6,621**	**3,414**	**3,206**	**8,947**	**50**	**8,897**
B. Financial liabilities valued at amortised cost						
1. Payables to banks	0	0	0	0	0	0
2. Payables due to customers	0	0	0	0	0	0
3. Outstanding securities	25	0	25	78	0	78
Total liabilities	**25**	**0**	**25**	**78**	**0**	**78**

Notes:

The table shows the economic result deriving from the divestment of financial assets other than those held for trading.

Gains, amounting to 6,621 thousand euro derive from disposals of financial assets measured at amortised cost carried out during 2021 for 4,149 thousand euro and the disposal of financial assets measured at fair value with impact on overall income for 2,472 thousand euro.

Losses, amounting to 3,414 thousand euro derive from the disposal of NPL receivables for overall 42 million euro in gross value, during 2021.

Section 7 – Net result from other financial assets and liabilities measured at fair value with recognition of income through profit and loss – Line item 110

7.2 Net value variation of other financial assets and liabilities measured at fair value with recognition of income through profit and loss: breakdown of other financial assets and liabilities obligatorily measured at fair value

Transactions/Income components	Capital gains (A)	Gains from disposal (B)	Capital losses (C)	Losses from disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**86**	**0**	**376**	**0**	**-289**
1.1 Debt securities	0	0	237	0	-237
1.2 Capital securities	0	0	0	0	0
1.3 Shares in mutual funds	0	0	0	0	0
1.4 Loans	86	0	139	0	-53
2. Financial assets and liabilities in foreign currencies: exchange rate differences	X	X	X	X	0
Total	**86**	**0**	**376**	**0**	**-289**

Section 8 - Net adjustments/write-backs due to impairment - Line item 130

8.1 Net value adjustments due to impairment relative to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs of value (2)						Total at 31/12/2021	Total at 31/12/2020
	First stage	Second stage	Third stage		Impaired Purchased or originated		First stage	Second stage	Third stage		Impaired Purchased or originated			
			Write-off	Other	Write-off	Other			Write-off	Other	Write-off	Other		
A. Receivables from banks														
- Loans	-162	-38	-	0	0	0	191	101		0	0	0	92	-62
- Debt securities	-	-	-	0	0	0	0	167		0	0	0	167	12
B. Receivables from customers			-	0	0	0	0	0		0	0	0	0	0
- Loans	-3,718	-7,341	-	-50,789	0	0	6,358	5,211		31,668	0	0	-18,610	-29,189
- Debt securities	-43	0	-	0	0	0	55	0		0	0	0	13	275
Total	**-3,923**	**-7,378**	-	**-50,789**	**0**	**0**	**6,604**	**5,479**		**31,668**	**0**	**0**	**-18,338**	**-28,965**

Notes:

The table summarizes value adjustments and write-backs of value recognised due to the impairment of receivables from customers.

Additional detail of adjustments /write-backs on receivables - Line item 130 of the income statement

Description of the portfolio	2021 Amount	2020 Amount
RECEIVABLES FROM BANKS:		
HTC securities - stage 1	0	0
HTC securities - stage 2: adjustments	0	-159
HTC securities - stage 2: write-backs	167	171
Adjustment other receivables - stage 1	-162	-71
Write-backs other receivables - stage 1	191	54
Adjustments other receivables - stage 2	-38	-45
Write-backs other receivables- stage 2	101	0
RECEIVABLES FROM CUSTOMERS:		
Non-performing loans - Value adjustments	-39,434	-52,304
Non-performing loans - Write-backs of value	26,948	26,781
Probable defaults - Write-backs of value	2,120	14,119
Probable defaults - Value adjustments	-8,970	-2,370
Restructured – Net value adjustments /write-backs	0	0
Overdue - Write-backs of value	2,600	2,225
Overdue - Value adjustments	-2,385	-1,665
Value adjustments - Bonis - Stage 2	-7,341	-11,018
Write-backs of value - Bonis - Stage 2	5,211	739
Value adjustments - Bonis - Stage 1	-3,480	-5,647
Write-backs of value - Bonis - Stage 1	6,358	569
Losses without use of fund - Stage 1/2	-238	-616
Losses on other transactions - Stage 1/2	0	0
HTC securities - stage 1: adjustments	-43	-40
HTC securities - stage 1. write-backs	55	315
HTC securities - stage 2	0	0
Total – Net value of Adjustments/Write-backs	**-18,338**	**-28,965**

8.1a Net value adjustments due to impairment related to loans measured at amortised cost subject to Covid -19 aid measures: breakdown

Transactions/Income components	Net value adjustments						Total at 31/12/2021	Total at 31/12/2020
	First stage	Second stage	Third stage		Impaired purchased or originated			
			Write-off	Other	Write-off	Other		
1. Loans subject to forbearance conformant to GL	1,510	-26	0	-219	0	0	1,265	-9,407
2. Existing loans subject to moratoria measures no longer conformant to GL and not measured as subject to forbearance	0	0	0	0	0	0	0	0
3. Loans subject to other forbearance measures	0	0	0	0	0	0	0	0
4. New loans	1,469	-3,396	0	-717	0	0	-2,645	-5,555
Total at 31/12/2021	**2,979**	**-3,423**	**0**	**-936**	**0**	**0**	**-1,380**	
Total at 31/12/2020	**-3,609**	**-10,588**	**0**	**-766**	**0**	**0**	**0**	**-14,962**

Notes:
The table summarizes the net value adjustments booked for potential impairment of loans granted under Covid-19 aid measures.

8.2 Net value adjustments due to impairment related to financial assets measured at fair value with impact on total profits: breakdown

Transactions/Income components	Value adjustments (1)				Write-backs of value (2)				Total at 31/12/2021	Total at 31/12/2020
	First stage	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired Purchased or originated		

			Write-off	Other	Write-off	Other						
A. Debt securities	**-60**	**-54**	**0**	**0**	**0**	**0**	**23**	**74**	**0**	**0**	**-17**	**108**
B. Loans												
- To customers	0	0	0	0	0	0	0	0	0	0	0	0
- To banks	0	0	0	0	0	0	0	0	0	0	0	0
of which: impaired receivables purchased or originated	0	0	0	0	0	0	0	0	0	0	0	0
Total	**-60**	**-54**	**0**	**0**	**0**	**0**	**23**	**74**	**0**	**0**	**-17**	**108**

Notes:
The table summarizes the value adjustments and write-backs recognised due to the impairment of financial assets measured at fair value with impact on total profits.

8.2 Net value adjustments due to impairment related to financial assets measured at fair value with impact on total profits subject to Covid-19 aid measures : breakdown

Transactions/Income components	Net value adjustments			Total at 31/12/2021	Total at 31/12/2020
	First and second stage	Third stage			
		Write-off	Other		
1. Loans subject to forbearance conformant to GL	0	0	0	0	0
2. Loans subject to other forbearance measures	0	0	0	0	0
3. Other loans	0	0	0	0	0
Total at 31/12/2021	**0**	**0**	**0**	**0**	**0**
Total at 31/12/2020	**0**	**0**	**0**	**0**	**0**

Notes:
The table summarises the value adjustments and write-backs of value recognised due to the impairment of financial assets measured at fair value with impact on total profits subject to Covid -19 aid measures.

Section 9 - Profit (Losses) due to contract modifications without derecognition - Line item 140

9.1 Profit (Losses) due to contract modifications: breakdown

Line items/Income components	31/12/2021			31/12/2020		
	Profit	Losses	Net income	Profit	Losses	Net income
A. Financial assets						
1.1 Receivables from customers	0	-71	-71	47	0	47
Total	**0**	**-71**	**-71**	**47**	**0**	**47**

Notes:
The table shows the net income deriving from contract modifications on financial instruments that do not require derecognition from the balance sheet of the assets, but only a different accounting method that entails recognition in the income statement of the difference between the booking value and the current value of the modified cash flow, discounted at the original interest rate.

Section 10 - Administrative costs - Line item 160

10.1 Personnel costs: breakdown

Type of expense/Values	Total 31/12/2021	Total 31/12/2020
1) Employees	-29,025	-26,867
a) salaries and wages	-20,102	-18,621
b) social security expenses	-5,232	-4,871
c) severance pay	0	0
d) pension costs	0	0
e) allocations to employee severance pay	-1,231	-1,190
f) al location to pension fund and similar commitments:	0	0
- defined contribution plans	0	0
- defined benefit plans	0	0
g) payments to external complementary pension funds	-811	-748
- defined contribution plans	-811	-748
- defined benefit plans	0	0
h) costs deriving from payment agreements based on own equity instruments	0	0
i) other employee benefits	-1,650	-1,437
2) Other personnel	-54	-117

Type of expense/Values	Total 31/12/2021	Total 31/12/2020
3) Directors and Statutory Auditors	-620	-541
4) Retired personnel	0	0
5) Recovery of expenses for personnel temporarily transferred to other companies	0	171
6) Recovery of expenses for third party personnel temporarily transferred to the company	0	-115
Total	**-29,700**	**-27,469**

Notes:
The line item includes costs related to personnel acquired through the merger – starting from the effecting accounting date of the transaction (01/11/2021) – for an overall total of 557 thousand euro.
Net of said amount, the aggregate shows an increase for the period equal to 1,674 thousand euro (6.09%).

10.2 Average number of employees by category

Description	Values at 31/12/2021	Values at 31/12/2020
Employees	**384**	**372**
a) Managers	3	3
b) Middle management	102	86
c) remaining employees	279	283
Other personnel	**3**	**10**
Total	**387**	**382**

Precise number of employees per category

Description	Values at 31/12/2021	Values at 31/12/2020
Employees	**424**	**382**
a) Managers	4	3
b) Middle management	109	78
c) remaining employees	311	301
Other personnel	**4**	**10**
Total	**428**	**392**

10.4 Personnel costs: other employee benefits

Type of expense/Values	Total at 31/12/2021	Total at 31/12/2020
1) Meal vouchers for employees	-606	-523
2) Loyalty bonus for employees	0	0
3) Other employee costs	-1,044	-914
Total	**-1,650**	**-1,437**

10.5 Other administrative costs: breakdown

Line items/values	Total at 31/12/2021	Total at 31/12/2020 (*)	Variation	Variation %
1. Insurance and security	-569	-680	111	-16.34%
2. Advertising and entertainment	-1,226	-1,149	-77	6.68%
3. Rent for real property	-133	-27	-107	398.80%
4. Maintenance, repairs, transformation of real and personal property	-1,158	-5,733	4,575	-79.80%
5. Electricity, heating and cleaning services	-905	-939	34	-3.62%
6. Telex, telephone and postage	-995	-910	-86	9.40%
7. Costs for data processing	-4,832	-2,979	-1,853	62.21%
8. Stamped paper and stationary	-323	-307	-15	4.96%
9. Fees to outside professionals	-5,332	-2,784	-2,548	91.53%
10. Costs for credit recovery	0	0	0	0.00%
11. Technical assistance and maintenance of software products	-7,166	-3,162	-4,004	126.61%
12. Information and registry searches	-1,820	-1,527	-293	19.17%
13. Charitable contributions allocated to the income statement	-146	-7	-139	
14. Expenses for treasury assets	-7	-1	-6	600.00%
15. Travel and transportation expenses	-316	-259	-58	22.23%
16. Indirect taxes	-6,843	-4,771	-2,072	43.43%
17. Other costs	-5,461	-4,540	-922	20.30%
- Contribution in favour of the Resolution Fund – Ordinary	-1,757	-1,542	-215	13.94%

Line items/values	Total at 31/12/2021	Total at 31/12/2020 (*)	Variation	Variation %
- Contribution in favour of the Resolution Fund – Extraordinary	-572	-487	-85	17.49%
- Contribution to the Interbank Deposit Guaranty Fund	-3,132	-2,511	-621	24.75%
18. Other expenses	-1,960	-3,790	1,830	-48.28%
Total	**-39,193**	**-33,565**	**-5,628**	**16.77%**

(*) data from the previous fiscal year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262.

The increase of other administrative costs is impacted by the costs related to the merger, equal to an overall 3,429 thousand euro, detailed in the table below, and the expenses for Invest Banca operations during the period subsequent to the date of acquisition (01/11/2021), equal to 884 thousand euro. The increase of the line item, net of said expenses, equal to 1,316 thousand euro (+3.92%), is prevalently due to higher expenses for consultancy services and higher contributions, both ordinary and extraordinary, required by the Resolution Fund for banking crises and the Interbank deposit guaranty Fund, for an overall amount equal to 922 thousand euro.

Expenses related to the merger transaction	31/12/2021
Expenses for conversion of DTA into tax credit	1,668
IT expenses related to migration activities for Invest Banca	1,000
Expenses for consultancy	761
TOTAL	**3,429**

Section 11 - Net allocations to risk and expense funds - Line item 170

11.1 Net allocations for credit risk related to commitments to disburse funds and issued financial guarantees: breakdown

Transactions/Income components	Value adjustments (1)			Write-backs of value (2)		Total at 31/12/2021	Total at 31/12/2020
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Other				
A. Commitments to disburse funds	0	0	0	0	0	0	0
B. Issued financial guarantees	-112	0	-383	87	971	563	-349
Total	**-112**	**0**	**-383**	**87**	**971**	**563**	**-349**

11.2 Net allocations related to other commitments and other issued guarantees: breakdown

Transactions/Income components	Value adjustments (1)			Write-backs of value (2)		Total at 31/12/2021	Total at 31/12/2020
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Other				
A. Lending	0	0	0	0	0	**0**	**0**
B. Issued guarantees	0	0	0	0	0	**0**	**0**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

11.3 Net allocations to risk and expense funds: breakdown

Line items/values	Total at 31/12/2021	Total at 31/12/2020
1. Allocations to pending litigation	-791	-139
2. Allocations to interest expenses on IRES for taxation year 2009	0	0
3. Other allocations	0	0
4. Write-backs on provisions for pending disputes	153	24
Total	**-638**	**-116**

Section 12 - Net adjustments/write-backs on property, plants and equipment - Line item 180

12.1 Net value adjustments on property, plants and equipment: breakdown

Assets/Income components	Depreciation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net income(a+b-c)
A. Property, plants and equipment				
1. With a functional use	-5,574	0	0	**-5,574**
- Owned	-3,159	0	0	**-3,159**
- Rights of use acquired through leases	-2,415	0	0	**-2,415**
2. Held as investments	0	0	0	**0**
- Owned	0	0	0	**0**

Assets/Income components	Depreciation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net income(a+b-c)
- Rights of use acquired through leases	0	0	0	**0**
3. Inventories	X	0	0	**0**
Total	**-5,574**	**0**	**0**	**-5,574**

Section 13 - Net adjustments/write-backs to intangible assets - Line item 190

13.1 Net value adjustments to intangible assets: breakdown

Assets/income components	Depreciation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net income (a+b-c)
A. Intangible assets				
of which: software	-927			**-927**
A.1 Owned	-927	0	0	**-927**
- Generated internally by the company	0	0	0	**0**
- Other	-927	0	0	**-927**
A.2 Rights of use acquired through leases	0	0	0	**0**
Total	**-927**	**0**	**0**	**-927**

Section 14 – Other management income and expenses - Line item 200

14.1 Other management expenses: breakdown

Line items/values	Total 31/12/2021	Total 31/12/2020
1. Contingent liabilities and non-existent assets	-259	-642
2. Use of guarantee funds	0	0
3. Depreciation of third party assets	-216	-202
Total	**-476**	**-844**

14.2 Other management income: breakdown

Line items/values	Total 31/12/2021	Total 31/12/2020
1. Recovery of expenses	4,879	4,045
2. Contingent assets and non-existent liabilities	160	101
3. Other income	2,751	1,012
Total	**7,790**	**5,157**

Line item 3. Other income, includes badwill deriving from the merger transaction, for a sum total of 2,253 thousand euro.
Said amount, as detailed in the table below, derives from the booking of the following elements:
- income from the conversion of the DTA on tax losses of the incorporated company, into tax credits, in the amount of 6,673 thousand euro.;
- losses on payment in capital account made during the months of July and September 2021 in the amount of -3,538 thousand euro.;
- adjustment to the fair value of acquired assets and liabilities, in application of the IFRS3 accounting standard, in the amount of -882 thousand euro.

Badwill allocated in other management income	2.253
1. Income for conversion of DTA into tax credits	6.673
2. Loss on payment in capital account for Invest Banca made during the months of July and September 2021 (11,000,000.00 – 7,991,828.88)	-3.538
3. Adjustment to fair value (IFRS3) for acquired assets and liabilities:	-882
a) adjustment to value of plants, property and equipment	622
b) adjustment to value of equity investments	0
c) adjustment to value of risk and expenses funds	-1.504

Section 15 – Profit/Loss from equity investments - Line item 220

15.1 Profit (loss) from equity investments: breakdown

Income component/Values	Total at 31/12/2021	Total at 31/12/2020
A. Income		
1. Revaluations	77	300
2. Gains from disposal	0	0
3. Write-backs of value	0	0
4. Other income	0	0

B. Expenses		
1. Write-downs	6,708	0
2. Value adjustments due to impairment	0	0
3. Losses from disposals	0	0
4. Other expenses	0	0
Net result	**-6,631**	**300**

Notes:
Line item B.1 "Write-downs" includes the variation in shareholders' equity of subsidiaries – related to the share held by the Bank in – both due to the capitalisation of the results for the 2020 fiscal year, approved by the respective Shareholders' Meetings, and to the results recorded during the first 9 months of 2021 approved by the Board of Directors of the companies. In particular, the overall amount is due to the following components:
- Write-down of the share held in the subsidiary Cabel Holding s.p.a. in the amount of 6,178 thousand euro, for losses incurred by the subsidiary;
- Write-down of the share held in the company Cabel Industry s.p.a. in the amount of 518 thousand euro, for losses incurred by the subsidiary;
- Write-down of the share held in the company Cabel Ip s.p.a. in the amount of 13 thousand euro, for value adjustments of the shareholding acquired during the merger, to fair value.

In particular, as regards the subsidiary Cabel Holding, the variation recognised during the fiscal year, equal to overall 6.840 million, was allocated in the amount of 1.282 million euro to a valuation reserve (OCI) and in the amount of 5.558 million euro to line item 220 of the income statement "Profit (Loss) on equity investments". The amount allocated to reserve, equal to 1.263 million euro, is due to increase in value of the subsidiary related to revaluations made during the previous fiscal years and allocated to valuation reserve.
The write-down recognised as at 31 March 2021 is largely due to the full write-down of the payment in capital account, equal to 7 million euro, made by Cabel Holding in favour of Invest Banca, on the basis of the last valuations of the latter.

Section 17 - Adjustments to value of goodwill - Line item 240

17.1 Adjustments to value of goodwill: breakdown

Income component/Values	Total at 31/12/2021	Total at 31/12/2020
Pistoia branch	0	0
San Giovanni Valdarno branch	0	0
Bologna branch	0	-1,772
Turin branch	0	0
Rome branch	0	-1,368
Total	**0**	**-3,140**

Section 18 - Gains (losses) from disposal of investments - Line item 250

18.1 Gains (losses) from disposal of investments: breakdown

Income component/ Values	Total at 31/12/2021	Total at 31/12/2020
A. Property, plants and equipment		
- Gains from disposal	100	15
- Losses from disposals	0	0
B. Other assets		
- Gains from disposal	0	0
- Losses from disposals	-73	-8
Net income	**28**	**7**

Section 19 - Fiscal year income tax on current operations - Line item 270

19.1 Fiscal year income tax on current operations: breakdown

Income components/Values	Total at 31/12/2021	Total at 31/12/20
1. Current taxes (-)	-107	161
2. Variation of current taxes for previous fiscal years (+/-)	0	0
3. Reduction of current taxes for this fiscal year (+)	0	0
3 bis. Reduction of current taxes for fiscal year for tax credits as per Law n. 214/2011 (+)	0	0
4. Variation of pre-paid taxes (+/-)	-1,026	97
5. Variation of deferred taxes (+/-)	-97	1,927
6. Fiscal year income tax (-) (-1+/-2+3+3 bis+/-4+/-5)	**-1,231**	**2,186**

Notes:
Current taxes are measured in accordance with current tax legislation.

Summary of fiscal year income taxes, by type of tax

Income components/Values	Total at 31/12/2021	Total at 31/12/2020

- Ires (corporate income tax)	-712	1.977
- Irap (tax on productive activities)	-519	208
- Other taxes	0	0
Total	**-1,231**	**2,186**

19.2 Reconciliation between theoretical tax burden and effective tax burden on the balance sheet

Line items/values	Ires (corporate income tax)	Tax rate	Irap (tax on productive activities)	Tax rate
(A) Gain (Loss) from current operations before taxes	9,331		9,331	
(B) Income taxes – Theoretical burden	2,566	27.50%	520	5.57%
Reductions of tax base	28,489	27.50%	19,818	5.57%
Additions to tax base	12,290	27.50%	12,416	5.57%
Tax base	-6,869		1,928	
Income taxes – effective tax burden	0	27.50%	-107	5.57%
Pre-paid/deferred taxes	-712	27.50%	-411	5.57%
Total taxes	**-712**		**-519**	
Overall tax	**-1,231**			
Effective tax rate	**-13.19%**			

PART D – Overall profitability

ANALYTICAL SCHEDULE OF OVERALL PROFITABILITY

	Line items	31/12/2021	31/12/2020
10	**Profit (loss) for the fiscal year**	**8,100**	**8,100**
	Other income components without reversal to income statement		
20	Capital securities measured at fair value with impact on total profits:	**1,553**	**-1,044**
	a) variations of fair value	**1,553**	**-1,044**
	b) transfer to other components of shareholders' equity	**0**	**0**
30	Financial liabilities measured at fair value with recognition of income through profit and loss (variations to own creditworthiness)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) transfer to other components of shareholders' equity	**0**	**0**
40	Hedges on capital securities measured at fair value with impact on total profits	**0**	**0**
	a) variations of fair value (hedged instrument)	**0**	**0**
	b) variations of fair value (hedging instrument)	**0**	**0**
50	Property, plants and equipment	**0**	**0**
60	Intangible assets	**0**	**0**
70	Defined benefit assets	**135**	**-145**
80	Non-current assets and groups of assets in the course of divestment	**0**	**0**
90	Share of valuation reserves of equity investments measured at shareholders' equity	**0**	**0**
100	Income taxes relative to other income components without reversal to income statement	**0**	**0**
	Other income components with reversal to income statement		
110	Hedging of foreign investments:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to income statement	**0**	**0**
	c) other variations	**0**	**0**
120	Exchange rate differences:	**0**	**0**
	a) variations of value	**0**	**0**
	b) reversal to income statement	**0**	**0**
	c) other variations	**0**	**0**
130	Hedging of cash flows:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to income statement	**0**	**0**
	c) other variations	**0**	**0**
	of which: income of net positions	**0**	**0**
140	Hedging instruments (unmeasured instruments)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to income statement:	**0**	**0**
	c) other variations	**0**	**0**
150	Financial assets (other than capital securities) measured at fair value with impact on overall profitability:	**-2,169**	**-74**
	a) variations of fair value	**-2,169**	**-74**
	b) reversal to income statement:	**0**	**0**
	- adjustments due to impairment	**0**	**0**
	- gains/losses from disposal	**0**	**0**
	c) other variations	**0**	**0**
160	Non-current assets and groups of assets in the course of divestment:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to income statement	**0**	**0**
	c) other variations	**0**	**0**
170	Share of valuation reserves of equity investments measured at shareholders' equity	**-1,264**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to income statement:	**0**	**0**
	- adjustments due to impairment	**0**	**0**
	- gains/losses from disposal	**0**	**0**
	c) other variations	**-1,264**	**0**
180	Income taxes relative to other income components with reversal to the income statement	**0**	**0**

	Line items	31/12/2021	31/12/2020
190	**Total other income components**	**-1,744**	**-1,263**
200	**Overall profitability (Line item 10 + 190)**	**6,356**	**6,837**

International accounting standards allow allocating financial instruments to different portfolios to which accounting standards are applied that result in the allocation of costs or income directly to special reserves of shareholders' equity without going through the income statement. The chart shows the overall result, considering income items accrued and realized in the fiscal year that were recognised directly in shareholders' equity, sterilizing components that were already accrued and thus booked to shareholders' equity in previous fiscal years, but which are subject to a second and definitive allocation to the income statement (reversal) at the time effectively realized.

PART E – Information on risks and the relative hedging policies

Introduction

The Bank carries out its activities according to sound and prudent management principles, with a moderate risk propensity, in respect of stability requirements connected to the banking business.
Overall risk propensity is measured synthetically by identifying, within the scope of the Bank's asset resources ("own funds"), a capital component that is not eligible for risk assumption (unexpected losses), held for medium-long term to cover capital against impact in the event of unexpected stress events.
The Bank's internal control system ensures implementation of corporate strategies and policies and is composed of all the regulations, procedures and organisational structures aimed at compliance with sound and prudent management principles.
Corporate Bodies have the primary responsibility for ensuring, in line with their respective specific competencies, the completeness, adequacy, efficiency and reliability of the internal control system.
The Bank has implemented a traditional type of governance model that entails a Board of Directors, a Board of Statutory Auditors and General Management.
The Board of Directors is responsible for Bank strategic supervision and management, along with General Management, and the Board of Statutory Auditors is responsible for monitoring activities.
The Board of Directors, within the scope of the guidelines set out by the Parent Company, defines the business model by approving an annual strategic business plan and budget, aware of the risks to which this model exposes the Bank and comprehending the processes by means of which such risks are identified and measured. The Board of Directors, again, following the guidelines decided at Group level, defines and approves strategic policies and periodically reviews them, decides on risk propensity and the relative tolerance levels as well as the risk management policies, ensuring that the Bank's structure is consistent with the business carried out and with the business model adopted.
Risk management policies are set forth in specific regulations/policies that are subject to approval by the Board of Directors.
Uptake of new products and services, launching of new activities, introduction into new markets and, in general, all more significant activities are always subject to approval by the Board of Directors.
Periodically, the Board of Directors verifies that the risks assumed by the Bank in terms of capital adequacy, liquidity and risk-return ratio for management activities are consistent with the risk propensity defined in strategic planning and with regulatory levels.
Furthermore, the Board of Directors verifies compliance with operating limits defined for the assumption of the various types of risk. The Board of Directors ensures consistency between the strategic plan, the business model, the Risk Appetite Framework, the ICAAP process, the budget and the corporate organisation and the internal control system, taking in consideration the evolution of the internal and external conditions within which the Bank operates.
The Board of Directors is aided by the Risk Committee, a committee within the Board itself that provides the Board with advisory support and proposal regarding risks and the internal control system.
General Management fully comprehends corporate risks and is responsible for implementing the strategic policies and risk management policies defined by the Board of Directors. In particular, General Management proposes the operating limits with respect to the assumption of the various types of risk, taking into account the stress tests carried out by the various designated function, in accordance with the Bank's internal policies.
For the purpose of facilitating the development and awareness at all company levels, of a risk control culture, General Management plans training programs for Bank personnel, based on the proposals made.
The Board of Statutory Auditors carries out periodical inspections to ascertain the completeness, adequacy, efficiency and reliability of the internal control system.
In carrying out its tasks, the Board of Statutory Auditors is provided with appropriate information from the other Corporate Bodies and control functions. The regular presence of the Board of Statutory Auditors at BoD meetings, which are held twice weekly, represents a guarantee with respect to timely information of the Control Body regarding management issues.
Sound and prudent bank management is ensured by an appropriate corporate organisation that provides for a complete and functional internal control system.
In particular, the Bank's internal control system is composed of three different levels:

- First level controls (line): aimed at ensuring that operations are carried out correctly. These controls are performed by operating structures or incorporated into the procedures and information technology systems, or carried out during back office activities.
- Second level controls on risks and conformity, also aimed at ensuring, among other things:
    - correct implementation of the risk management process;
    - respect of operating limits assigned to the various functions;
    - conformity of corporate operations to standards, including self-governance regulations.

Second level controls as assigned to the Risk Management Service, the Compliance Service and the Anti-Money Laundering Service. Given the size and in compliance with the "principle of proportionality", the Compliance function is carried out in co-sourcing with META Srl, a company that meets all the prerequisites in terms of professional qualification and independence. The functions designated to controls are separate from production functions; they contribute to defining the risk management policies and the risk management process.

- Third level controls (internal auditing): aimed at identifying violations of procedures and regulations, and at periodically evaluating the completeness, adequacy, efficiency and reliability of the internal control system and the information technology system.

This activity is carried out by the Internal Audit Service based on the yearly auditing plan approved by the Board of Directors or through spot checks on the operations of the functions involved, requested during the year. Subsequent to the restructuring of the Bank Group, the Internal Audit office has been brought back within the structure of the Bank parent company. Given the size and in accordance with the "proportionality principle", the internal audit function is carried out in co-sourcing with META S.r.l., a company that meets all the prerequisites in terms of professional qualification and independence.
Corporate control functions in charge of second and third level controls have the authority, resources and competencies required to carry out their tasks.
In conformity with Vigilance provisions, the company organisational structure requires that company control functions report back to the Board of Directors in terms of both hierarchy and functions.
Control functions have access to all the activities carried out by the Bank, both in the central offices and in peripheral offices, as well as to any information relevant to carry out controls.
In accordance with Law 231/01, there is a Vigilance Committee, which is a collective body in charge of assessing the efficiency of organisational measures adopted by the Bank to avoid involvement in sanctionable actions pursuant to Law 231 of 2001.
As set forth in the Organisational Model, the committee periodically reports to the Board of Directors.
In compliance with the III Tier provisions, the Gruppo Bancario Cambiano has written up the Information Document regarding the 2020 Consolidated financial statements, published on the web site www.bancacambiano.it.

Section 1 - Credit risk

Qualitative information

1. General information

The Bank's strategies, the Risk Appetite Framework, and the faculties and rules for loan disbursement and credit management are aimed at:
– meeting the objective of increasing sustainable credit activities, consistently with risk propensity and creation of value;
– portfolio diversification, limiting the concentration of exposures on single counterparties/groups, on single sectors of economic activity;
– an efficient selection of economic groups and individuals borrowers, through an accurate analysis of creditworthiness aimed and limiting the risk of insolvency;
– favouring credit interventions aimed at supporting the real economy and the production system;
– constantly monitoring loan relations, both through IT procedures and by means of the systemic monitoring positions, in order to be able to immediately grasp any symptoms of imbalance and promote corrective actions aimed at preventing possible impairment.
The quality of the credit portfolio is constantly monitored by implementing precise operational methods in each stage of credit management.

2. Credit risk management policies

2.1 Organisational aspects

The factors that generate credit risk are tied to the possibility that an unexpected variation in the creditworthiness of a counterparty, to which the Bank has an exposure, may generate a corresponding unexpected variation of the current value of the respective credit exposure.
Therefore, credit risk is not limited only to the counterparty's insolvency, but also includes the mere deterioration of its creditworthiness.
Taking on credit risk and risk management are governed by formalizing the underlying process, detailing the roles of the corporate bodies involved, defining the first controls and rendering explicit the roles of all control functions. During the 2020 fiscal year, the foundations of the entire credit process were revised, with the following specific modifications: (i) creation of the Credit Management Office, that unifies all of the various credit functions (including

the office for Non-Performing Loans), previously subdivided – also in terms of organisational location – on multiple hierarchical levels; (ii) updating of the regulations regarding "Credit Risk" and "Proxies and Powers – regarding credit lines and loan disbursements"; (iii) updating of the criteria and the process for granting forbearance measures, by adopting the new Policy regarding forbearance, and iv) updating of the Policy for the classification and evaluation of the credit portfolio.
The Non-Performing Loans office, reporting to Credit management, is composed of the Legal and Litigation Services Offices and the Problem Debts Management offices and Credits under Special Administration office. The Problem Debts Management Office manages, at a corporate level and according to methods defined by internal regulations, every single problem debt and loans that present anomalous situations, regardless of their classification as performing or non performing, with the exception of non-performing loans that are managed by the Legal and Litigation Services Office. Problem Debts Management also Supports the Network in carrying out peripheral monitoring activities on single anomalies and problem loans, as well as in defining and implementing corrective actions aimed at ensuring sound administration of the credit process. This activity is aimed at favouring an anticipatory management of credit risk and implementing management strategies aimed at improving the Bank's credit quality. The corporate organisation system assigns management of relationships classified as Probable Default and Non-Performing respectively to the Problem Debt Monitoring Office and the Legal and Litigation Services Office. Impaired loans are managed based on Service regulations and in accordance with the specific impaired loan assessment policy (updated during the meeting of the Board of Directors held on 26/03/2021).
An office to manage credits in special administration has been created within the Problem Debt area, tasked with managing, based on methods set forth by internal regulations and corporate bodies, those exposures with peculiar characteristics that qualify them for management by this specific function. Exposures are assigned to this office regardless of the specific classification, but taking into account the significance that they have within bank exposures, in terms of risk profile and of the actions to be taken.
The Credit Control Office, reporting to Credit Management, oversees the credit risk monitoring process, in order to detect, even in advance, possible critical evolutions; this activity is carried out within the scope of second instance first level controls and with the aim of providing credit manager and the Problem Debt Management function with all the information required to take necessary measures, and the Risk Management function with all the information required to carry out second level control on credit risks.
During the 2020 fiscal, the Early Management Office was created, reporting to Credit Management, with the aim of controlling the process for concession of forbearance measures, in order to allow identifying forbearance measures that are "economically sustainable", as well as ensuring the pro-active management of the first signs of default and weakness of the borrowing counterparty. This function is also tasked with verifying the existence of requirements confirming "financial difficulty" and the economic sustainability of the exposures in moratorium subsequent to the Covid-19 pandemic.
Within the scope of the risk taking and management procedures adopted, the first safeguard filter takes place in the Branch office, through constant and ongoing dialogue with the customers, by means of both internal and external information sources and with the aid of information technology procedures.
During the credit preliminary assessment and review processes, the Bank analyzes the customer's financial needs and the documents required to carry out an adequate assessment of the creditworthiness. The decision to grant a loan is therefore based both on the analysis of all the information regarding the economic entity, and on the basis of direct knowledge of the customer and of the economic operating context. All preliminary activities regarding the operational process that lead up to disbursement and periodic review of the loan, are developed with the aim of granting a congruous loan to each individual applicant (and/or group), providing for the most appropriate types of loan and a adequate remuneration for the risk taken.
Within the scope of the "Credit Risk Regulations", the Board of Directors has defined the decision-making autonomy of each body delegated to granting loans. Observance of the powers authorized by the Board of Directors is guaranteed by automatic controls provided for in the IT procedure recently implemented with the new "Easy Loans" application used to manage the preliminary process for loan disbursement.

Effects deriving from the Covid-19 pandemic
As regards credit risk, the Bank was favourable to all the initiatives aimed at supporting the real economy set forth by the Government.
All forbearance is defined to respond to the disadvantage deriving from the temporary slowdown of the economic cycle and any possible effects on liquidity, as rapidly as possible.
The potential effects on the Bank's credit risk profile are mitigated by:
▪ the acquisition of government guarantees in compliance with the mechanisms set forth by the various governments;
▪ the *ex ante* and on-going evaluation of the customer's risk profile.

2.2 Management, measurement and control systems

Risk management, measurement and control systems are developed in an organisational framework that involves the entire credit process cycle, from the initial preliminary stage, to the periodical reviews up to revocation and recovery.
The Bank also carries out quantitative and qualitative analyses for periodic Credit Risk measurement and control. In particular, quantitative assessments make use of various instruments that provide economic, financial and capital information regarding the customer.
The Credit Area, reporting to Credit Management, ensures supervision and coordination of the operational stages of the performing loan process, carries out the credit application and, within the scope of its competencies, disbursement process and performs first level controls, again within the scope of its competencies. The Non-Performing Loans office, also reporting to Credit Management, monitors and coordinates all the operational stages of the non-performing loans process.
To support these activities, the Bank adopts specific procedures for the preliminary analysis/disbursement, credit line renewal and credit risk monitoring stages.
In these stages, the Bank uses qualitative and quantitative methods to measure creditworthiness, supported by information technology procedures subject to periodic verification and maintenance.
Line of credit application, deliberation and review processes are regulated by a decision-making process supported by the "Electronic Line of Credit Procedure", which allows verifying (on behalf of all the departments involved in credit management) the status of each borrower or potential borrower. This procedure also allows reconstructing the credit deliberation process by tracking the various steps of the process and the types of analyses carried out.
Two review levels are provided for, in order to keep the procedures slim: one is a simplified review, with limited formalities, which is reserved to the renewal of small credit lines with a regular performance; the other is an ordinary review applied to all other situations.
The definition of classification, measurement and management criteria for impaired positions and of the methods to be implemented to monitor loan performance aims also at implementing a systematic control procedure on loan positions by the Risk Control Office in close collaboration with bank Branches.
This activity is supported by an electronic procedure that allows for periodic extrapolation of all relations that may show signs of anomalous performance, both internally and externally.
Hence, constant monitoring of the reports provided by the procedure, along with the measurement of other types of events allows for rapid intervention as soon as irregular positions arise, in order to take the necessary measures for problem loans.
All loan positions are also subject to periodic review of each individual counterparty or group of connected customers.
The Risk Manager is responsible for second level controls; this function carries out controls aimed at periodically ascertaining that credit granting, monitoring and classification of credit exposures, the process for recovery and calculation of provisions for impaired loans, are all carried out in compliance with internal and supervisory regulations, and that they are efficacious and reliable as regards the capacity for timely detection and notification of problem loans, and for ensuring the adequacy of value adjustments and the relative writing-off.
Credit risk, like other risks, is mapped in the RAF process, defined by specific objectives and tolerance thresholds. Hence, the Risk Management function monitors credit risk management processes, periodically checking and verifying compliance to risk objectives, operating limits and the risk indicators defined by the Board of Directors, according to the methods and schedules defined in the RAF Regulations and in the risk management processes. Furthermore, this function provides advance opinions regarding RAF compliance of significant credit transactions (so-called OMR), as defined in the specific regulations approved by the BoD, requesting, if necessary and based on the nature of the transactions, the opinion of other functions involved in the risk management process. The entire credit and counterparty risk management process (risk measurement, application, disbursement, performance monitoring, exposure monitoring, review of lines of credit, classification of risk positions, actions in the event of problem loans, classification criteria, assessment and management of impaired loans) is formalized in the internal regulations.
The Bank continues to use an "ordinal" classification management system for creditworthiness which, in a nut-shell, aims at attributing an univocal rating to borrowing customers, on the basis of a series of qualitative and quantitative considerations.
On this matter, please bear in mind that the evaluations resulting from the application constitute a limit to the use of powers associated to loan authorizations.
The Bank adopts standards methods to determine the minimum capital requirement for credit risk.
As regards the internal capital adequacy evaluation process (ICAAP), the Bank uses the so-called Granularity Adjustment simplified algorithm (ref. Annex B, Title III, Chapter 1 Circ. 285/2013) to quantify internal capital vis-à-vis concentration risk for exposure to single counterparties or groups of connected customers.
Within the scope of the ICAAP analysis performed on a quarterly basis, the Bank performs stress tests with reference to credit and concentration risks through sensitivity analyses that evaluate the effects of specific events on the same risks. The Bank performs the stress test and, with specific reference to credit risk, recalculates the internal capital required against the new risk level of the loan portfolio redefined on the basis of any increase of the incidence of

impaired exposures on company lending. The Bank also determines the impact on overall capital (Own Funds) deriving from the reduction of expected income due to the increase in write-downs of receivables.
With reference to operations on securities markets, the Bank's Finance Area implements measurements and controls both during acquisition of the financial instruments and after, when the composition of the fund is periodically analyzed by asset class / IAS/IFRS portfolio, the specific or counterparty risk level is identified and calculated and compliance with the limits and powers assigned is verified. The results of these analyses are discussed periodically by the Finance Committee within the scope of which the Risk Management Office sets forth its valuations in accordance with the Risk Appetite Framework.

Effects deriving from the Covid-19 pandemic
In line with the forecasts outlined by European and Italian Supervisory Authorities, from the start of the crisis caused by the Covid-19 pandemic, the Bank has seen the need to closely monitor and evaluate counterparties who benefited from the aid measures made available through government decrees. In fact, the concession of moratoria on payments has created a difficulty in terms of intercepting some anomalies and triggers for potential difficulty or deterioration of the counterparty for the main monitoring systems (for example: Early Warning and Internal Rating System.
As it was impossible to revise the software quickly, appropriate management actions were implemented to intercept possible future customer difficulties, both in the Corporate and in the Retail sector, and, specifically, an analytical assessment process was started for exposures benefitting from moratoria, in order to assess the significant increase in credit risk and, in particular, the forbearance measures, in compliance with current regulations and European supervisory recommendations.
Finally, during 2021 activities aimed at safeguarding credit risk and simultaneously supporting SMEs and Corporate customers continued, pro-actively offering government-backed loans, based on authorisation procedures set out in the government decrees.

2.3 Methods for the measurement of expected losses
Expected loss is the product of exposure, probability of default and Loss Given Default.
IFRS 9 provides for a single impairment model, to be applied to financial assets measured at amortised cost and those measured at fair value with contra-entry in OCI (Other Comprehensive Income 16, which is shareholders' equity) as well as to financial guarantees and other commitments to disburse loans, characterized by a prospective view, which requires immediate recognition of losses on receivables even if they are only expected.
The Bank's stage allocation model, based on individual exposures or tranches of exposures in case of debt securities, applies both qualitative and quantitative criteria to measure significant increase of credit risk from the date of initial recognitions of the financial instrument to the evaluation date.
More specifically, a financial instrument may be moved from stage 1 to stage 2 if one of the following variables occurs:

- Variation of the probability of default used for internal management purposes. Therefore, this assessment is made adopting a "relative" criterion. This criterion, effective as of the month of October 2019, in conformity with the current internal Bank rating system, requires that exposures that have jumped 6 classes from the moment of origin of the probability of default used for internal management purposes, with final classification in level 11 probability of default, be passed to Stage 2;
- The presence of a position that is overdue/overdrawn– without varying the thresholds of significance provided for by regulations – and has been so for at least 30 days. In this case, in other terms, the credit risk of the exposure is presumed to be "significantly increased" and, therefore it is moved to stage 2 (if the previous exposure was classified in 1);
- The presence of forbearance measures, which – again, presumably – entail classification of the exposures among those for which credit risk is "significantly increased" with respect to initial recognition;
- Finally, specific indicators of the credit monitoring system are taken into consideration for the purpose of assessing the movement of exposures from one stage to another. Specifically, this refers to so-called "watch-list" positions, that is, positions subject to monitoring regimes due to individual evidence of criticality.

The Stage Allocation model is a symmetric model, in that it provides for exposures passing from Stage 1 to Stage 2 and vice versa. Specifically, if at the previous balance sheet date a financial instrument was classified in Stage 2, but at the current balance sheet date it no longer meets the requirements for recognition of a fund equal to expected losses for the duration of the instrument, the position is reclassified in Stage 1. Therefore, no specific permanence criteria are applied in Stage 2, other than those inherent to the quantitative and qualitative parameters that determine the staging (for example, as regards forborne exposures). Consequently, if the parameters in question change and the instrument may be reallocated to stage 1, further permanence in stage 2 is not considered necessary, as the sustainability of the improvement if the customer's creditworthiness is already evaluated during the processes required by the reference regulations of each staging parameter.

For the purpose of allocating exposures to the various stages on the date of first application of the principle, performing exposures were classified in stages 1 and 2, unlike non performing exposures that were allocated in stage 3.
As regards these latter exposures, please note that the Bank complies with the definition contained in Bank of Italy Circular n. 262/2005, meaning that they correspond to the total amount of impaired overdue/overdrawn exposures, Probable defaults and non-performing loans, such as defined by current Vigilance regulations.
The Bank's overall approach to the quantification of expected credit losses is to ensure alignment with regulatory risk parameters.
Once the exposures have been allocated in the various credit risk stages, expected loss, which is the estimated losses on receivables, weighted for the relative probability of occurrence, is calculated along a 12 month period for Stage 1 financial instruments or for the entire residual life of the financial instrument for those classified in Stage 2.
Therefore, as similar evaluation model is applied to all Stage 1 and Stage 2 exposures, the only distinguishing element being the time frame for estimation of expected loss. The evaluation model takes into consideration the following risk factors:

- PD (Probability of Default) – probability of insolvency, a parameter that represents the probability that a counterparty will pass from a "bonis" condition to an "insolvency" condition within the time frame of 1 year (Stage 1) or during the expected life of the financial instrument (Stage 2). The probability of insolvency is calculated based on parameters decided internally by Banca Cambiano and then subsequently including appropriate corrective factors that allow taking into consideration the effects of so-called forward looking information regarding the macro-economic reference scenarios;
- LGD (Loss Given Default) – rate of loss in case of insolvency, a parameter that expresses the incidence of the loss, net of recovery, as a percent value, with respect to the amount of the exposure that has become insolvent, measured based on specific internal Banca Cambiano models. This parameter also includes the expected direct costs of recovery;
- EAD (Exposure at Default) - EAD is treated differently based on the type of exposure and maturity: exposures with a "deterministic" repayment schedule with a known cash flow and maturity and "stochastic" exposures with an unknown cash flow and/or unknown maturity. For exposures with a deterministic repayment schedule EAD is defined by using the repayment schedule based on the evolution of contractual cash flows. For exposures with an unknown repayment plan (for example, not based on instalments, such as bank accounts) EAD is calculated based on special models that take into account both the so-called "on balance" value of the exposure and the "off balance" component considered potentially risky due to the possibility of the counterparty of increasing its borrowing position.

All reasonable and demonstrable information available at the balance sheet date, without incurring excessive cost or effort, are is taken into consideration for the purpose of calculating expected losses. The information used must include past events, current conditions and forecasts regarding future economic conditions.

Assessment of significant increase of credit risk (SICR)
As regards the assessment of significant increase of credit risk (SICR), it must be noted that for the classification of moratoria granted starting from the month of March 2020 and up to the month of November 2020, the Bank applied the so-called "*temporary framework*", introduced by the EBA guidelines issued 2 April 2020, which provided for an exemption from the assessment of financial difficulty ("forbearance") for measures within the scope of a "general payment moratoria".
Starting November 2020 and up to 31 March 2021, the Bank availed itself of the extension granted by the EBA guidelines for application of the aforementioned "*temporary framework*" up to 31 March 2021, provided that the moratoria suspension period was no longer than nine months overall.
Starting in April 2021, the Bank therefore restarting the regular verification process regarding the status of financial difficulty, in order to ascertain the existence of indicators for classification of exposures as "forborne".
However, subsequent to EBA clarifications of 29/01/2021 – in which, as shown, it is specified that the granted flexibility applies only up to the end of the nine months, also for moratoria *ex lege*, if the overall duration of the payment suspension periods granted on a loan exceeds nine months – starting in the month of April and ending in June 2021, the Bank initiated the analytical assessment process for all loans with moratoria granted to customers *ex lege* in order to ascertain the existence of indicators for classification of the exposure as "forborne".

Measurement of expected losses
As regards the estimation of expected losses at 31 December 2021, the Bank incorporated macro-economic scenarios that included the effects of the COVID-19 health emergency into its IFRS impairment model, as required by Vigilance authorities keeping the macro-economic scenarios of 31 December 2020. The estimation of forward looking elements to be included in the calculation of expected losses, in application of IFRS 9 and the macro-economic variables at the

basis of the satellite model for the definition of base, best and worst case scenarios used to determine the IFRS 9 ECL, are provided by the IT outsourcer.
The satellite model used develops 3 scenarios that include forward looking elements in the calculation of expected losses, and as at 31/12/2021 the worst case scenario was used.
As for the 2020 reporting period, regarding exposures for which moratoria were extended, and those with moratoria expiring from 1 January to 31 December 2021, the write-back add-ons decided for the 2020 reporting period were also maintained, subsequent to the analysis made by the Risk Management office.
Specifically, the estimate of the impact of the pandemic was calculated simulating a 12 month "shift" into Stage 3 of moratoria loans classified in Stage 2, applying a Probability of Default (PD) at 12 months divided by sector.
Specifically: to the sectors considered at greatest risk – as defined on the basis of data contained in the Bank of Italy analysis “Covid-19 Notes - The effects of the pandemic on liquidity requirements, financial statements and risk level of businesses” dated 13 November 2020 (hereinafter also referred to as "Covid 19 Notes"), and of the specificity of the Bank’s lending portfolio (agriculture, artistic activities, trade, construction, real estate, food industry, textiles, other, and accommodations and restaurant services) – a PD at 12 months equal to 100% was applied, therefore hypothesizing that all the moratoria loans granted to the above sectors will migrate within the next 12 months from Stage 2 to Past Due.
Therefore, in this way, a migration to Stage 3 in 2021 of 18.76% of the overall moratoria loan amount of loans in stage 2 was estimated.
As regards loans granted within the scope of government guarantees provided for in emergency legislative measures, based on a study conducted along with the IT outsources and with the aid of the company KPMG, the Board of Directors approved a new method to calculate write-downs, that takes into account the presence of government backing, also in light of the relevance of the loans in question during the 2020-2021 reporting periods.
In particular, as regards the government-backed portion, the PD and LGD parameters of the customer are replaced by those of the guarantor, that is, the Italian Government, while customer parameters continue to be applied to the un-backed portion.
Moreover, the determination of the government-backed portion factors in the so-called residual risk, that was prudentially considered equal to 20%; therefore, in calculating the write-down, the government-backed portion was reduced by said percent[2].
The application of this new estimation model entailed lower write-downs for overall 1.9 Mln/€, of which 1.5 Mln/€ on loans in stage 1 and 0.4 Mln/€ on loans in stage 2.
Similarly to moratoria loans, add-ons decided in for 2020 continued to be applied to government-backed loans as well, simulating a 12 months "shift" into Stage 3 of loans classified in Stage 2, applying a Probability of Default (PD) at 12 months equal to 100% to the following sectors: agriculture, artistic activities, trade, constructions, real estate, food industry, textiles, other and accommodation and restaurant services.
In this way, therefore, a migration to Stage 3 in 2021 of 11.98% of the overall amount of loans classified in stage 2 was hypothesised.
The volume of write-downs thus calculated (+ 7.5 Mln/€ on moratoria loans and +0.9 Mln/€ on government-backed loans) was included as an add-on to write-downs on loans as at 31/12/2021.

2.4 Techniques for mitigating credit risk

The main levers for mitigating credit risk are represented by the system of guarantees that accompany loan exposure, by a limited degree of concentration on specific borrowers, as well as an adequate level of diversification of loans by type and by industry.
In particular, with reference to concentration risk, please note that within the scope of its “credit policies”, the Bank has set forth a series of limits regarding credit exposure towards single counterparties or groups of connected customers and towards counterparties belonging to the same economic sector. These limits are constantly monitored by the Risk Management Services.
The methods used to manage guarantees and the relative operating processes are set forth in the Bank’s internal regulations.
The guaranty management process is incorporated in the IT system, which may be accessed to obtain all related information.
In order to mitigate credit risk, the Bank uses collateral security and personal guarantees. In particular, the main types of real guarantees used are mortgages on property and financial pledges.
The IT management application allows monitoring the entire mortgage guarantee acquisition, assessment, verification and realization efficaciously, identifying all inherent information. The procedure also allows periodically “updating” the current value of the guarantee itself and monitoring the consistency of the value of the guaranty with respect to

[2] For example: for 80% government-backing, the exposure is considered backed for 64% of the amount (80%-20%*80%).

the risk. The ratio between the loan and the value of the collateral property is monitored constantly in order to intervene appropriately in the event of drops in the real estate market.
The organisational processes and operating guidelines applied to monitoring collateral on financial instruments safeguard loans against fluctuations in real estate market trends.
Personal guarantees consist mainly of sureties given by individuals or companies. Guarantees issued by specialized bodies (for example: Confidi) and by Financial institutions (for example: government guarantee through Mediocredito Centrale pursuant to law 662/1996) are also used and, lastly, so are the government guarantees issued following the crisis engendered by the Covid-19 pandemic.
To date, the Bank does not use credit derivatives to cover or transfer the risk for credits in portfolio.
The above controls are performed by centralized structures that are separate from those that disburse and review the loan; the Internal Auditing Office ensures that assets are managed properly and prudently by means of periodic controls.
No significant changes were registered with respect to the information provided above during the course of the fiscal year.

3. Impaired financial assets

3.1 Management strategies and policies

On 26 March 2021, the Board of Directors approved the update to the Bank's NPL Operational Plan (2021-2023) based on the Bank of Italy Guidelines for impaired receivables, which was sent to Bank of Italy on 31 March 2021. Moreover, on 30 December 2020, the Board of Directors updated the Business Plan for 2021-2022. The plan was later updated on occasion of the filing of the application for merger by incorporation of Invest Banca into Banca Cambiano, sent to the Supervisory Authority in August 2021, and finally revised in the meeting held on 25/02/2022, in which the Board of Directors approved the strategic guidelines for 2022-2024.
Hence, on 30/03/2022, the Group's NPL Operational Plan (2022-2024) was updated once again, in light of the approved strategic guidelines.
In the Business Plan for 2022-2024, consolidation of the de-risking policy represents the First Pillar, by means of which the Bank intends to limit the burden of impaired receivables on overall receivables. The aim of the Plan is for the Bank to maintain a gross incidence of impaired receivables on overall receivables that is lower than 7%, despite the effect of the Covid-19 pandemic.
During the 2018-2019 fiscal years, transactions were executed to dispose of a significant portion of the NPS portfolio, for a total of 156 million euro.
In December 2020, the Bank underwrote shares of the VIC3 Fund for an overall value of 6.5 million euro, by conferment in kind of a portfolio of non-performing receivables for an overall Gross Book Value of 9,148,020.95 million euro.
During the 2021 fiscal years, two transactions regarding the *pro soluto* disposal of non-performing loan portfolios were carried out: one in February 2021, for overall € 10.1 million of gross non-performing loans, and one in October 2021, for overall € 18.6 million of gross non-performing loans.
The Bank's asset quality is characterized by an incidence of gross impaired receivables at 31.12.2021 of 7%, lower than the 9% (-200 b.p.) measured in December 2020.
Impaired receivables include receivables classified as non-performing, probable defaults and overdue and/or overdrawn for more than ninety days, in accordance with Bank of Italy regulations and in accordance with IAS/IFRS and European Vigilance provisions. The definition of impaired receivables, as set forth by Bank of Italy in Circular 272/2008 (and subsequent updates) is also consistent with the definition of impaired financial assets contained in the IFRS9 accounting principle, with consequent classification of all impaired receivables within Stage 3.
During 2015, Bank of Italy issued the 7th Update of Circular n. 272/2008, which revised previous classifications for impaired credits and introduced the so-called forbearance concept, transposing the definitions introduced by the Implementing Technical Standards (abbreviated to ITS) issued by the European Banking Authority (EBA). The update aims to reduce the existing discretionary margins in accounting and prudential definitions applied in the various member countries, and facilitate data comparability at a EU level.
In particular, the regulations requires the identification, as regards both performing and non-performing loans, call for identification of loan disbursement relations respectively defining the categories of "Forborne performing exposures" (performing loans granted) and "Non-performing exposures with forbearance measures" (impaired loans subject to forbearance).
The regulations define as "forbearance measures" changes to the original contract terms and conditions or total or partial loan refinancing, granted to a debtor who is or is about to enter into difficulty in terms of respecting financial obligations.
In terms of classification of impaired loans, the Bank has also transposed the changes made to definitions introduced by the 7th Update of Bank of Italy Circular n. 272/2008. Specifically, impaired financial assets are divided into the

categories “non-performing”, “probable default” and “overdue/overdrawn exposures”, based on the following criteria:

- **Non-performing loans:** the overall on-balance sheet and off-balance sheet exposures vis-à-vis a customer in a state of insolvency (even if not judicially ascertained) or in essentially comparable situations, regardless of any loss forecasts formulated by the Bank.
- **Probable defaults watchlist (“Unlikely to pay):** classification in this category is, first of all, the result of the Bank’s judgment regarding the unlikelihood that, without recourse to measures such as enforcement of guarantees, the debtor fully pays back the credit (the principal and/or the amount of interest payable). This evaluation must be made aside from the presence of any amounts (or instalments) overdue and not paid. Therefore, it is not necessary to wait for an explicit sign of anomaly (failure to pay), if there are elements that imply a situation of probable default on the part of the debtor (for example, a crisis in the debtor’s industry sector).
- **Overdue and/or past due impaired accounts:** cash loans, other than those classified as non-performing or probable defaults, which, at the date of reference of the notification have been overdue or overdrawn for over 90 days.

On this matter, please note that starting 1 January 2021, for regulatory purposes, the application of the New Definition of Default (DoD) became obligatory, which derives from the implementation of the “RTS on the materiality threshold for credit obligations past due under Article 178 of the CRR (EU Delegated Regulation 2018/171)” and from the correlated EBA guidelines, “EBA Guidelines on the application of the definition of default under Article 178 of the CRR”.

The regulations in question, while confirming the basis of default in a delay in payments and in the probable non-fulfilment of obligations on the part of the borrower, also introduces some more stringent criteria for the identification of impaired exposure and for the subsequent re-entry into the in bonis classification. Specifically, the new Definition of Default establishes the criteria for the identification of past due loans, the method for management of the indicators to be considered for the purpose of identifying probable defaults, the specific aspects of retail exposures, and the criteria for the return of a position to the in bonis condition.

In detail, the main novelties introduced, with respect to the regulations previously in force, regard the following areas:

- new definition of past due:
  - Lowering of the “relative” relevance threshold from 5% to 1% (threshold calculated as a ratio between the past due and/or overdue amount and the overall exposure of the customer, both determined at a Banking Group level, without offset of any margins available from other credit lines;
  - Introduction of an “absolute” relevance threshold, differentiated by type of exposure (100 euro for retail and 500 euro for non retail, to be compared to the overall past due and/or overdue amount of the borrower);
  - Classification of a borrower as default (NPE) on exceeding both the relevance thresholds for 90 consecutive days;
- introduction of a period of observation of at least 3 months for reclassification as performing for borrowers previously classified as defaults (Non Performing Exposure) who settle their positions;
- classification of a borrower as default in a uniform manner at a Banking Group level, that is, for all active credit obligations vis-à-vis all the companies in the Group;
- classification of a borrower as default if the credit restructuring entails a reduced financial obligation, greater than 1% with respect to the previous one (i.e. Δ NPV > 1%);
- introduction of new rules for the propagation/evaluation of the propagation of the default condition of a position, based on the connection that exists with other positions that have become non performing;
- impossibility on the Bank’s part to offset existing past due/overdue amounts on certain credit lines of the borrower, with other credit lines that have been opened and not used by the same borrower (so-called available margins).

The criteria introduced by the supervisory regulation have affected the accounting classification of impaired credit exposures (Stage 3), in that the vigilance provisions are deemed consistent with the accounting regulations provided for by IFRS 9, in terms of objective evidence of impairment.

Within the scope of the three categories of impaired loans, in conformity with the regulations, “Non-performing exposures with forbearance measures” are identified.

Therefore, the classification “forborne non-performing” is not a category of impaired loans in itself, but is instead an additional attribution, applicable to positions in any one of the above-mentioned three categories.

Information regarding impaired loans has been integrated into the information technology system with the aid of specific instruments that support management of irregular exposures and track their conditions.

Based on specific irregularity indicators, monitored by means of both information technology procedures and internal evaluations, and in light of the provisions contained in specific internal regulations that govern exposure classification and variations of the relative exposure “status”, the Credit Control Office monitors the risk classification of exposure positions and formulates proposals to the corporate structures of reference for possible status changes or recalculation of expected loss.

With respect to *in bonis* loans, for management purposes, the Bank has defined the sub-class of credits called Bonis C (watch list), Bonis D (forborne performing under probation) and Bonis E (forborne performing under probation, ex cure period), in which exposures showing a not fully regular trend are classified.
The Problem Debts Management Office is responsible for managing positions classified as probable defaults, promoting initiatives aimed at safeguarding the Bank's credit claims.
Non-performing loans are managed by the Legal and Litigation Services office, which evaluate the actions to be taken to maximize credit recovery, also taking action vis-à-vis any guarantors and realizing any guarantees
The possibility of payment of impaired loans is calculated based on criteria defined by the Board of Directors and contained in the specific evaluation policy.
Exposures classified in Stage 3 are classified in the various risk conditions and, consequently, subjected to an analytical or flat-rate analysis. The value adjustments on Stage 3 exposures reflect the expected loss calculated over a time frame equal to the entire life of the respective exposure. Within the framework of its evaluation policies, the Bank has used assessment processes and methods characterized by subjective and estimation elements for some variables such as, mainly, expected cash flows, expected recovery times and the likely realizable value of guarantees, where present, which, if modified, could vary the final recoverable value; this determination was based on the use of information available at the date of assessment, taking into due account the possible effects of the pandemic crisis. Impaired receivables that are considered "in bonis" for an amount that is lower than a pre-set threshold, for which there is no objective evidence of expected loss, are not subjected to the flat-rate analysis, which entails the statistical calculation of expected loss and therefore of the respective value adjustments for homogenous categories of exposures (defined based on the counterparty segment and the technical type of the instrument).
Analytical impairment, however, must still be assessed whenever there is objective evidence of degradation which requires a precise analysis.
Specifically, with respect to the concept of significance expounded in the current accounting principles, impaired overdue exposures and probable default exposures for individual amounts lower than the threshold of significance set at € 300,000 were subjected to impairment using the flat-rate method.
The evaluation of non-performing exposures is updated periodically in order to allow for timely transposition of any events that may modify prospects for credit recovery.
Non-performing loans are evaluated analytically, that is, based on an accurate study of the recoverability of each position, taking into account all elements that may be useful in terms of defining the probability of repayment.
Probable defaults are updated periodically in order to allow for timely transposition of any events that may modify prospects for credit recovery, and ascertain whether they meet the requirements for transfer to impairment.
Value adjustments for this category are evaluated based on the criteria below:

- For exposures greater than the € 300,000 threshold, analytically;
- For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, using the flat-rate method in similar types of exposures.

The evaluation is aimed at calculating any expected losses, while taking into account that exposures are classified in this risk class based on the Bank's assessment of the unlikelihood that, without recourse to measures such as the enforcement of guarantees, the debtor will meet payment obligations fully; evidently, this evaluation must be made regardless of any amounts (or instalments) overdue and not paid.
Therefore, as regards cases of positions classified as probable defaults, the presumed value of repayment of the receivable is estimated by evaluating the capacity of the borrower to meet all repayment obligations, measured on the basis of all the information available regarding the borrower's financial and economic situation, and the value of any existing collateral underlying the receivable/s in question.
The salvage value is determined, based on the foreseen recovery strategy (distinguishing between management for "business continuity" and management "for disposal"), that reflects the overall degree of risk, by evaluating the capacity to generate cash flows sufficient for repayment and/or on the mere enforcement of collateral and guarantees.
For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, value write-downs are calculated using the flat-rate method for similar types of exposures.
Exposures classified ad overdue/overdrawn, for which there is no objective evidence of loss, are evaluated using the flat-rate method for similar types of exposures.
The flat-rate method estimation entails a statistical calculation of expected loss and, therefore, of the respective write-downs in value.

3.2 Write-offs

As regards impaired receivables, the Bank writes off/derecognizes – in whole or in part - uncollectable accounting entries (so-called write-off) and consequently allocates the residual unadjusted amount to losses in the following cases:

a) non-recoverability of the receivable, resulting from certain and specific elements (such as, for example, borrower is untraceable or destitute, failed recovery from enforcement action on movable and immovable property, negative foreclosures, insolvency procedures terminated with incomplete recovery for the Bank, if there are no additional guarantees that may be enforced, etc.);
b) debt waiver, following unilateral remission of the loan or residual amount pursuant to agreements;
c) disposal of receivables.
In some circumstances, it also becomes necessary to partially write off gross receivables in order to adjust them to the Bank's effective interests. This is the case, for example, in the event of measures that are not under appeal, within the scope of insolvency procedures, based on which a receivable amount lower than the book amount is recognised as due.
Furthermore, the Bank has provided for the possibility, on an annual basis, of defining portfolios of impaired receivables to be written off, partially or totally, which collectively have the following macro-characteristics:

- Hedging percent > 95%
- Average seniority (intended as the period of time passed in a "non-performing" conditions) greater than 6 years.

3.3 Impaired purchased or originated financial assets

Based on the IFRS9 accounting principle, receivables that are considered already impaired on initial recognition in the balance sheet, due to the respective high risk level, are defined as Purchased or Originated Credit Impaired Asset (POCI). These receivables, if they fall within the scope of application of impairment pursuant to IFRS9, are measured by allocating – starting from initial recognition – a provision to hedge losses for the entire residual life of the credit (so-called Expected Credit Loss Lifetime). As these are impaired receivables, they must be initially classified in Stage 3, although they may be moved, during their lifetime, to Stage 2 if they are considered no longer impaired based on the credit risk analysis.
The Bank identifies as "Impaired purchased or originated financial assets":
• credit exposures already impaired at the moment of purchase, and;
• credit exposures originated in the event of restructuring transaction of impaired exposures that determined the disbursement of new funding, or introduced substantial changes to the original contract conditions.

4. Financial assets subject to commercial renegotiation and exposures covered by forbearance

The new policy for the management of exposures covered by forbearance (Forbearance Policy) was approved on 27/01/2020.
Regulations implemented by the Bank provide for clear lines being drawn between commercial renegotiation measures and forbearance on existing loans (so-called forbearance measures).
Commercial renegotiations aim to consolidate the relation with the borrower counterparty who, on in-depth assessment, is nonetheless capable of timely fulfilment of all financial obligations originally taken on.
Instead, a forbearance measure is a variation of contract terms in favour of borrower customers who, even if as a result of temporary events, are no longer capable of meeting the financial obligations originally agreed upon. Therefore, ascertained financial difficulty is a decisive requirement to qualify changes in the value, times and terms of credit repayment, as forbearance measures. The subjective assessment (judgmental) of the customer on the part of the credit manager is supported by any objective anomalies in the credit exposure detected by the system. Objective financial difficulty is always subjected to a subsequent subjective assessment, which may result in the confirmation of the exclusion of the existence of financial difficulties. The subjective evaluation is nonetheless carried out, regardless of the observance of objective anomalies.
Financial difficulty is considered confirmed if the counterparty is classified as non-performing.
Approval of a forbearance measure:

- involves the completion of procedures that implicate an assessment aimed at verifying the efficacy of the measure in question for the purpose of re-establishing the borrower's autonomous compliant conduct, without the need for further, subsequent support, returning the exposure to a situation of sustainable repayment and, as regards non-performing loans, with the key objective of laying the bases for return to in bonis status. The analysis in question is made up of various stages that elaborate both objective and subjective information;
- involves qualifying the position involved in the measure in question as forborne. A performing counterparty that receives forbearance may conserve the administrative conditions. Nevertheless, the obligation must be met for the entire time that the credit exposure to which forbearance has been applied is qualified as forborne.

When the forbearance measure is perfected, a monitoring period begins, which is called, based on the case, Probation Period (two years of forborne performing exposures) and Cure Period (one year for forborne non-performing exposures). At the end of these periods of time, the possibility of improving the classification of the status or, for performing exposures, the cancellation of the qualification as forborne, may be taken into consideration, but only if the borrower's conduct is compliant and all the conditions provided for by the reference regulations are met.

The above being given, please note that if the contract modifications granted to customers are considered "substantial", based on differentiation for commercial modifications and modifications resulting from forbearance measures, they may result in derecognition of the financial asset from the balance sheet and re-recognition of a new asset (so-called "derecognition accounting"). In this situation, and specifically as regards positions that pass the SPPI test, for the purpose of impairment, the Bank considers the date of initial recognition as the date on which the asset is modified. To the contrary, as regards contract modifications that are considered "not substantial", and therefore not subject to "derecognition accounting", for the purpose of impairment, the Bank considers the date of initial recognition as the date on which the instrument is originated.

Effects deriving from the Covid-19 pandemic

In accordance with EBA provisions contained in the "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis" dated 4 April 2020, moratoria granted to customers *ex lege* and in application of category agreements (ABI agreements), were not considered indicators of financial difficulty for the purposes of classification of individual exposures within the scope of forborne exposures (and consequent inclusion in Stage 2).

On this matter, therefore, please bear in mind that for the classification of moratoria granted from the month of March 2020 to the month of November 2020, the Bank availed itself of the so-called "*temporary framework*", introduced by the guidelines published by the EBA on 2 April 2020, based on which, measures falling within the scope of an "overall moratoria on payments" were exempt from an evaluation of financial difficulty ("forbearance").

From November 2020 to 31 March 2021, the Bank availed itself of the extension granted by the EBA guidelines for application of the so-called "*temporary framework*" up to 31 March 2021, provided that the suspension period of the moratoria was not longer than nine months overall.

Starting in the month of April 2021, the Bank therefore re-started the standard process for the evaluation of financial difficulty, in order to ascertain the existence of requirements for classification of the exposures as "forborne".

However, following the clarifications issued by the EBA on 29/01/2021 – in which, as shown, it is specified that, even for moratoria provided for by law, if the overall duration of the payment suspension periods granted for a loan exceeds nine months, the flexibility allowed for is applicable only up to the end of the nine months – in April the Bank started the analytical evaluation of all loans with moratoria granted to customers, as provided for by law, in order to ascertain the existence of requirements for classification of the exposures as "forborne".

Please refer to the contents of Part A, Section 4 – Other aspects, regarding the methods used to book moratoria granted to customers struck by the economic consequences of the Covid-19 pandemic.

Quantitative information

A. Credit quality

A.1 Impaired and in bonis credit exposures: amounts, value adjustments, dynamics and economic distribution

A.1.1 Distribution of financial assets by portfolio to which they belong and by credit quality (balance sheet values)

Portfolios/quality	Non-performing loans	Probable defaults	Impaired overdue positions	In bonis overdue positions	Other in bonis positions	Total at 31/12/2021
1. Financial assets measured at amortised cost	61,995	64,591	3,075	33,741	3,762,797	3,926,200
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	507,509	507,509
3. Financial assets measured at fair value	0	0	0	0	0	0
4. Financial assets obligatorily measured at fair value	0	0	0	0	74,704	74,704
5. Financial assets in course of divestment	0	0	0	0	0	0
Total at 31/12/2021	**61,995**	**64,591**	**3,075**	**33,741**	**4,345,011**	**4,508,413**
Total at 31/12/2020*	**83,932**	**62,295**	**2,532**	**27,965**	**3,610,549**	**3,787,273**

Notes:

(*) data from the previous fiscal year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262.

The table shows the classification by credit quality for the entire portfolio of financial assets, with the exception of equity instruments and of shares in mutual funds, equal to 35,938 thousand euro.

The values shown are the balance sheet values, net of the relative write-downs.

A.1.2 Distribution of financial assets by portfolio to which they belong and by credit quality (gross and net values)

Portfolios/quality	Impaired assets				In bonis assets			Total (net exposure)
	Gross exposure	Overall value adjustments	Net exposure	Overall Write-off	Gross exposure	Overall value adjustments	Net exposure	

Portfolios/quality	Impaired assets				In bonis assets			Total (net exposure)
	Gross exposure	Overall value adjustments	Net exposure	Overall Write-off	Gross exposure	Overall value adjustments	Net exposure	
1. Financial assets measured at amortised cost	233,620	103,958	129,661	0	3,822,401	25,862	3,796,539	**3,926,200**
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	507,639	130	507,509	**507,509**
3. Financial assets measured at fair value	0	0	0	0	0	0	0	**0**
4. Financial assets obligatorily measured at fair value	0	0	0	0	0	0	74,704	**74,704**
5. Financial assets in course of divestment	0	0	0	0	0	0	0	**0**
Total at 31/12/2021	**233,620**	**103,958**	**129,661**		**4,330,040**	**25,992**	**4,378,752**	**4,508,413**
Total at 31/12/2020 (*)	**266,829**	**118,070**	**148,759**	**0**	**3,599,674**	**26,928**	**3,638,514**	**3,787,273**

Notes:
(*) data from the previous fiscal year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262.
The table shows classification by type of receivable of the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds amounting to 35,938 thousand euro.

A.1.2 bis Distribution of credit exposure by assets with poor credit quality

Portfolio quality	Assets with evidently poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	0	0	8,179
2. Hedges	0	0	0
Total	**0**	**0**	**8,179**

A.1.3 Distribution of financial assets by time overdue (balance sheet values)

Portfolios/Risk stages	First stage			Second stage			Third stage		
	From 1 to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 to 30 days	From over 30 days up to 90 days	Over 90 days
1. Financial assets measured at amortised cost	9,175	7	0	3,682	9,918	10,959	2,642	1,071	125,948
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	0	0	0	0	0
3. Financial assets in course of divestment	0	0	0	0	0	0	0	0	0
TOTAL AT 31/12/2021	**9,175**	**7**	**0**	**3,682**	**9,918**	**10,959**	**2,642**	**1,071**	**125,948**
TOTAL AT 31/12/2020	**4,562**	**0**	**6**	**9,238**	**4,545**	**9,614**	**823**	**980**	**119,444**

Notes:
The values shown are the balance sheet values net of the respective existing doubts.

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of the overall value adjustments and of total provisions– parte 1

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage one					
	Demand receivables from banks and central banks	FA measured at amortised cost	AF measured at fair value with impact on total profits	AF in course of divestment	of which: individual write-downs	of which: collective write-downs
Overall initial adjustments	**0**	**10,166**	**31**	**0**	**95**	**10,101**
Additions from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	-2,876	37	0	24	-2,864

Contract modifications without derecognition	0	0	0	0	0	0
Changes to the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Other variations	0	0	0	0	0	0
Overall final adjustments	**0**	**7,289**	**68**	**0**	**120**	**7,238**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions– part 2

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage two					
	Demand receivables from banks and central banks	FA measured at amortised cost	AF measured at fair value with impact on total profits	AF in course of divestment	of which: individual write-downs	of which: collective write-downs
Overall initial adjustments	**0**	**16.611**	**82**	**0**	**82**	**16.611**
Additions from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	1.962	-20	0	-20	1.962
Contract modifications without derecognition	0	0	0	0	0	0
Changes to the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Other variations	0	0	0	0	0	0
Overall final adjustments	**0**	**18.573**	**62**	**0**	**62**	**18.573**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds e issued financial guarantees: dynamics of overall value adjustments and of total provisions– part 3

Causal factors/risk stages	Overall value adjustments						
	Assets classified in stage three						of which: impaired financial assets purchased or originated
	Demand receivables from banks and central banks	FA measured at amortised cost	AF measured at fair value with impact on total profits	AF in course of divestment	of which: individual write-downs	of which: collective write-downs	
Overall initial adjustments	**0**	**118,070**	**0**	**0**	**118,070**	**0**	**0**
Additions from financial assets purchased or originated	0	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	14,692	0	0	14,692	0	0
Contract modifications without derecognition	0	0	0	0	0	0	0
Changes to the method of estimation	0	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	-29,787	0	0	-29,787	0	0
Other variations	0	983	0	0	983	0	0
Overall final adjustments	**0**	**103,958**	**0**	**0**	**103,958**	**0**	**0**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions– part 4

Causal factors/risk stages	Total provisions on commitments to disburse funds and issued financial guarantees			Total
	First stage	Second stage	Third stage	
Overall initial adjustments	**293**	**43**	**2,110**	**147,405**
Additions from financial assets purchased or originated	0	0	0	0
Derecognition other than write-offs	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	17	8	-589	13,231
Contract modifications without derecognition	0	0	0	0
Changes to the method of estimation	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	-29,787
Other variations	0	0	0	983
Overall final adjustments	**310**	**51**	**1,521**	**131,833**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**

A.1.5 Financial assets, commitments to disburse funds and issued financial guarantees: transfers between the various risk stages (gross and nominal values)

Portfolios/risk stages	Gross value / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	From 1st stage to 2nd stage	From 2nd stage to 1st stage	From 2nd stage to 3rd stage	From 3rd stage to 2nd stage	From 1st stage to 3rd stage	From 3rd stage to 1st stage
1. Financial assets measured at amortised cost	115,615	59,303	21,476	1,164	5,905	84
2. Financial assets measured at fair value with impact on total profits	0	11	0	0	0	0
3. Financial assets in course of divestment	0	0	0	0	0	0
4. Commitments to disburse funds e issued financial guarantees	69,305	16,301	7,426	112	5,504	133
Total at 31/12/2021	**184,920**	**75,615**	**28,902**	**1,276**	**11,409**	**218**
Total at 31/12/2020	**50,895**	**96,032**	**5,034**	**4,297**	**4,503**	**657**

A.1.5a Loans subject to Covid-19 aid measures: transfers between the various credit risk stages (gross values)

Portfolios/risk stages	Gross value / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	From 1st stage to 2nd stage	From 2nd stage to 1st stage	From 2nd stage to 3rd stage	From 3rd stage to 2nd stage	From 1st stage to 3rd stage	From 3rd stage to 1st stage
A. Loans measured at amortised cost						
A.1 Subject to forbearance in conformity with GL	402	39	5	0	747	0
A.2 Subject to existing moratoria measures no longer in conformity with GL and not measured as forborne	0	0	0	0	0	0
A.3 Subject to other forbearance measures	0	0	0	0	0	0
A.4 New loans	12,752	14,259	1,152	0	855	23
B. Loans measured at fair value with impact on total profits						
B.1 With forbearance conformant to GL	0	0	0	0	0	0
B.2 Subject to existing moratoria measures no longer in conformity with GL and not measured as forborne	0	0	0	0	0	0

B.3 Subject to other forbearance measures	0	0	0	0	0	0
B.4 New loans	0	0	0	0	0	0
Total at 31/12/2021	**13,154**	**14,298**	**1,157**	**0**	**1,602**	**23**
Total at 31/12/2020	**37,030**	**24,251**	**710**	**32**	**1,564**	**262**

A.1.6 Cash and off balance sheet credit exposure to banks: gross and net values

Type of exposure/value	Gross exposure					Overall value adjustments and total provisions					Net exposure	Overall partial write-off (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash exposures												
A.1 Demand	91,248	91,248	0	0	0	0	0	0	0	0	91,248	0
a) Impaired	0	X	0	0	0	0	X	0	0	0	0	0
b) In bonis	91,248	91,248	0	X	0	0	0	0	X	0	91,248	0
A.2 Other	243,488	241,687	0	0	0	267	267	0	0	0	243,221	0
a) Non-performing loans	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne	0	X	0	0	0	0	X	0	0	0	0	0
b) Probable defaults	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne	0	X	0	0	0	0	X	0	0	0	0	0
c) Impaired overdue exposures	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne	0	X	0	0	0	0	X	0	0	0	0	0
d) In bonis overdue exposures	0	0	0	X	0	0	0	0	X	0	0	0
- of which: forborne	0	0	0	X	0	0	0	0	X	0	0	0
e) Other in bonis exposures	243,488	241,687	0	X	0	267	267	0	X	0	243,221	0
- of which: forborne	0	0	0	X	0	0	0	0	X	0	0	0
TOTAL A	**334,736**	**332,935**	**0**	**0**	**0**	**267**	**267**	**0**	**0**	**0**	**334,469**	**0**
B. Off balance sheet credit positions												
a) Impaired	0	X	0	0	0	0	X	0	0	0	0	0
b) In bonis	11,459	11,459	0	X	0	0	0	0	X	0	11,459	0
TOTAL B	**11,459**	**11,459**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11,459**	**0**
TOTAL A + B	**346,195**	**344,394**	**0**	**0**	**0**	**267**	**267**	**0**	**0**	**0**	**345,928**	**0**

Notes:

The table shows the breakdown by credit quality of exposures to banks. Specifically, all financial assets related to exposures with bank from balance sheet line items "20 - Financial assets held for trading", "30 - Financial assets measured at fair value with impact on total profits" and "40 - Financial assets measured at amortised cost a) receivables from banks". The table does not include equity investments and shares in mutual funds for a total of 99,290 thousand euro and securities issued by non-bank counterparties for 570,518 thousand euro.

A.1.7 Cash and off balance sheet credit exposure to customers: gross and net values

Type of exposure/values	Gross exposure					Overall value adjustments and total provisions					Net exposure	Overall partial write-off (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash exposures												0
a) Non-performing loans	131,711	X	0	131,711	0	69,716	X	0	69,716	0	61,995	0
- of which: forborne	0	X	0	0	0	0	X	0	0	0	0	0
b) Probable defaults	98,475	X	0	97,844	631	33,884	X	0	33,662	222	64,591	0
- of which: forborne	72,688	X	0	72,209	479	24,939	X	0	24,763	176	47,749	0
c) Impaired overdue exposures	3,434	X	0	3,434	0	358	X	0	358	0	3,075	0
- of which: forborne	37	X	0	37	0	3	X	0	3	0	33	0
d) In bonis impaired overdue exposures	36,711	9,288	27,423	X	0	2,970	106	2,864	X	0	33,741	0
- of which: forborne	5,143	0	5,143	X	0	989	0	989	X	0	4,154	0
e) Other in bonis exposures	4,041,730	3,791,212	243,777	X	461	23,107	7,566	15,529	X	12	4,018,623	0
- of which: forborne	78,809	184	78,191	X	434	7,602	3	7,587	X	12	71,208	0
TOTAL A	**4,312,061**	**3,800,500**	**271,201**	**232,988**	**1,092**	**130,035**	**7,672**	**18,393**	**103,737**	**233**	**4,182,026**	**0**
B. Off balance sheet exposures												
a) Impaired	9,677	X		9,677		1,521	X	0	1,521		8,155	0

b) In bonis	1,070,264	1,005,665	64,598	X		361	310	51	X		1,069,903	0
TOTAL B	**1,079,941**	**1,005,665**	**64,598**	**9,677**		**1,882**	**310**	**51**	**1,521**	**0**	**1,078,058**	**0**
TOTAL A + B	**5,392,002**	**4,806,165**	**335,799**	**242,665**	**1,092**	**131,918**	**7,982**	**18,444**	**105,258**	**233**	**5,260,084**	**0**

Notes:

The table shows the breakdown by credit quality of exposures customers. Specifically, all financial assets related to exposures with bank from balance sheet line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 - Financial assets measured at amortised cost a) receivables from customers".

The table does not include equity investments and shares in mutual funds for 99,290 thousand euro and securities issued by banks for 19,777 thousand euro.

A.1.7a Cash exposures to customers subject to Covid-19 aid measures: gross and net values

Type of exposure/values	Gross exposure					Overall value adjustments and total provisions					Net exposure	Overall partial write-off (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Non-performing loans	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0
a) Subject to forbearance in compliance with GL	0	0	0	0	0	0	0	0	0	0	**0**	0
b) Subject to existing moratoria measures no longer in compliance with GL and not measured as forbearance	0	0	0	0	0	0	0	0	0	0	**0**	0
c) Subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0	**0**	0
d) New loans	0	0	0	0	0	0	0	0	0	0	**0**	0
B. Loans to probable defaults	**2,292**	**0**	**0**	**2,292**	**0**	**856**	**0**	**0**	**856**	**0**	**1,436**	0
a) Subject to forbearance in compliance with GL	682	0	0	682	0	223	0	0	223	0	**459**	0
b) Subject to existing moratoria measures no longer in compliance with GL and not measured as forbearance	0	0	0	0	0	0	0	0	0	0	**0**	0
c) Subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0	**0**	0
d) New loans	1,610	0	0	1,610	0	633	0	0	633	0	**978**	0
C. Impaired overdue loans	**1,041**	**0**	**0**	**1,041**	**0**	**222**	**0**	**0**	**222**	**0**	**819**	0
a) Subject to forbearance measures in compliance with GL	78	0	0	78	0	11	0	0	11	0	**67**	0
b) Subject to existing moratoria measures no longer in compliance with GL and not measured as forbearance	0	0	0	0	0	0	0	0	0	0	**0**	0
c) Subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0	**0**	0
d) New loans	963	0	0	963	0	211	0	0	211	0	**752**	0
D. In bonis overdue loans	**1,190**	**736**	**454**	**0**	**0**	**61**	**12**	**49**	**0**	**0**	**1,129**	0
a) Subject to forbearance measures in compliance with GL	0	0	0	0	0	0	0	0	0	0	**0**	0
b) Subject to existing moratoria measures no longer in compliance with GL and not measured as forbearance	0	0	0	0	0	0	0	0	0	0	**0**	0
c) Subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0	**0**	0
d) New loans	1,190	736	454	0	0	61	12	49	0	0	**1,129**	0
E. Other in bonis loans	**525,992**	**475,359**	**50,633**	**0**	**0**	**7,985**	**2,814**	**5,171**	**0**	**0**	**518,007**	0
a) Subject to forbearance measures in compliance with GL	8,379	7,565	813	0	0	669	623	46	0	0	**7,710**	0
b) Subject to existing moratoria measures no longer in compliance with GL and not measured as forbearance	0	0	0	0	0	0	0	0	0	0	**0**	0
c) Subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0	**0**	0
d) New loans	517,613	467,793	49,820	0	0	7,316	2,191	5,125	0	0	**510,298**	0
TOTAL A+B+C+D+E	**530,515**	**476,094**	**51,088**	**3,333**	**0**	**9,123**	**2,826**	**5,219**	**1,077**	**0**	**521,392**	**0**

A.1.9 Cash exposure to customers: dynamics of gross impaired accounts

Causes/Categories	Non-performing loans	Probable defaults	Impaired overdue loans
A. Initial gross exposure	**174,662**	**89,055**	**3,112**

Causes/Categories	Non-performing loans	Probable defaults	Impaired overdue loans
- of which: accounts disposed of but not derecognised	0	0	0
B. Additions			
B.1 entries from in bonis receivables	4,090	26,926	3,471
B.2 entries from impaired financial assets purchased or originated	0	0	0
B.3 transfers from other categories of impaired exposures	11,304	1,736	1
B.4 contract modifications without derecognition	0	0	0
B.5 other additions	1,365	3,141	22
C. Reductions	0	0	0
C.1 transfers to in bonis receivables	0	1,599	154
C.2 write-off	12,593	0	0
C.3 collections	9,253	3,900	1,021
C.4 income from disposals	6,679	0	0
C.5 losses from disposals	22,050	0	0
C.6 transfers to other categories of impaired receivables	208	10,835	1,998
C.7 contract modifications without derecognition	0	0	0
C.8 other reductions	8,927	6,049	0
D. Final gross exposure	**131,711**	**98,475**	**3,434**
- of which: accounts disposed of but not derecognised	0	0	0

Notes:
Line items C.4 and C.5 show the *pro-soluto* disposal transaction of a portfolio of impaired receivables perfected by the Bank during the fiscal year. This transaction involved the disposal of gross receivables for a total 28,729 thousand euro against the payment of 6,679 thousand euro, as better specified in the report on management.

A.1.9 bis Cash exposure to customers: dynamics of gross forbearance exposure subdivided by credit quality

Causes/Categories	Forbearance: impaired	Forbearance: in bonis
A. Initial gross exposure	**58,491**	**48,087**
- of which: accounts disposed of but not derecognised	0	0
B. Additions	**35,430**	**56,493**
B.1 entries from in bonis receivables without forbearance	4,477	50,052
B.2 entries from in bonis receivables with forbearance	12,719	0
B.3 entries from impaired receivables with forbearance	0	1,158
B.4 entries from in paired receivables without forbearance	0	0
B.5 other additions	18,234	5,283
C. Reductions	**21,196**	**20,628**
C.1 transfers to in bonis receivables without forbearance	0	2,873
C.2 transfers to in bonis receivables with forbearance	1,158	0
C.3 transfers to impaired receivables with forbearance	0	12,719
C.4 write-offs	0	0
C.5 collections	0	0
C.6 income from disposals	0	0
C.7 losses from disposals	0	0
C.8 other reductions	20,038	5,035
D. Final gross exposure	**72,724**	**83,953**
- of which: accounts disposed of but not derecognised	0	0

A.1.11 Impaired cash exposures to customers: dynamics of value adjustments

Causes/Categories	Non-performing loans		Probable defaults		Impaired overdue loans	
	Total	of which: forbearance	Total	of which: forbearance	Total	of which: forbearance
A. Initial overall adjustments	90,729	0	26,760	16,630	580	1
- of which: accounts disposed of but not derecognised	0	0	0	0	0	0
B. Additions						
B.1 value adjustments from impaired financial assets purchased or originated	0	0	0	0	0	0
B.2 other value adjustments	8,566	0	10,306	8,179	685	0
B.3 losses from disposals	3,369	0	0	0	0	0
B.4 transfers from other categories of impaired accounts	4,034	0	378	130	0	0
B.5 contract modifications without derecognition	0	0	0	0	0	0
B.6 other additions	0	0	1,268	0	0	3
C. Reductions	0	0	0	0	0	0
C.1 write-backs of value from measurements	4,391	0	463	0	10	0
C.2 write-backs of value from collections	0	0	0	0	0	0
C.3.gains from disposal	0	0	0	0	0	0
C.4 write-offs	29,124	0	544	0	119	0
C.5 transfers to other categories of impaired accounts	99	0	3,564	0	749	0

Causes/Categories	Non-performing loans		Probable defaults		Impaired overdue loans	
	Total	of which: forbearance	Total	of which: forbearance	Total	of which: forbearance
C.6 contract modifications without derecognition	0	0	0	0	0	0
C.7 Other reductions	3,369	0	256	0	28	1
D. Final overall adjustments	**69,716**	**0**	**33,884**	**24,939**	**358**	**3**
- of which: accounts disposed of but not derecognised	0	0	0	0	0	0

A.2 Classification of exposures based on internal and external ratings

A.2.1 Distribution of cash and off balance sheet exposures by class of external ratings

Exposures	Class of external ratings						Without rating	Total at 31/12/2021
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost								
- First stage	0	0	355,146	0	0	0	3,182,825	3,537,971
- Second stage	0	0	0	5,980	5,697	0	271,661	283,338
- Third stage	0	0	0	0	0	0	233,620	233,620
- Impaired purchased or originated	0	0	0	0	0	0	1,092	1,092
B. Financial assets measured at fair value with impact on total profits								
- First stage	0	0	492,683	0	0	0	0	492,683
- Second stage	0	0	0	14,956	0	0	0	14,956
- Third stage	0	0	0	0	0	0	0	0
-Impaired purchased or originated	0	0	0	0	0	0	0	0
Total (A + B)	**0**	**0**	**847,828**	**20,937**	**5,697**	**0**	**3,689,198**	**4,563,660**
C. Commitments to disburse funds and issued financial guarantees								
- First stage	0	0	0	0	0	0	998,365	998,365
- Second stage	0	0	0	0	0	0	64,598	64,598
- Third stage	0	0	0	0	0	0	9,677	9,677
- Impaired financial assets purchased or originated	0	0	0	0	0	0	0	0
Total (C)	**0**	**0**	**0**	**0**	**0**	**0**	**1,072,640**	**1,072,640**
Total (A + B + C)	**0**	**0**	**847,828**	**20,937**	**5,697**	**0**	**4,761,838**	**5,636,300**

Class 1 = AAA/AA-
Class 2 = A+/A-
Class 3 = BBB+/BBB-
Class 4 = BB+/BB-
Class 5 = B+/B-
Class 6 = Lower than B-

A.3 Distribution of secured exposures by type of guarantee

A.3.1 Secured credit exposure to banks - part 1

Line items	Net exposure value	Collateral (1)			
		Real property for mortgage	Real property for financial leases	Securities	Other collateral
1. Secured cash exposures:					
1.1 fully secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
1.2 partially secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
2 Secured off balance sheet credit exposures:					
2.1 fully secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
2.2 partially secured	0	0	0	0	0
- of which impaired	0	0	0	0	0

A.3.1 Secured credit exposures to banks - part 2

Line items	Personal security (2)									Total (1)+(2)
	Credit derivatives					Endorsement receivables				
	CLN	Other derivatives				Governments and central banks	Other public entities	Banks	Other parties	
		Governments and central banks	Other public entities	Banks	Other parties					
1. Secured cash exposures:										
1.1 fully secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
1.2 partially secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
2 Secured off balance sheet credit exposures:										
2.1 fully secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
2.2 partially secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**

A.3.2 Secured credit exposures to customers - part 1

Line items	Gross exposure	Net exposure	Collateral (1)			
			Real property for mortgages	Real property - financial leases	Securities	Other collateral
1. Secured cash exposures:						
1.1 fully secured	2,267,689	2,198,264	1,535,535	0	76,587	15,549
- of which impaired	160,717	110,477	89,983	0	0	47
1.2 partially secured	436,511	429,674	737	0	17,390	5,825
- of which impaired	7,843	4,505	33	0	0	73
2 Secured off balance sheet credit exposures:						
2.1 fully secured	167,556	167,556	10,447	0	850	9,881
- of which impaired	5,666	5,666	15	0	0	226
2.2 partially secured	57,522	57,522	0	0	185	2,949
- of which impaired	450	450	0	0	0	13

A.3.2 Secured credit exposures to customers - part 2

Line items	Personal security (2)									Total (1)+(2)
	Credit derivatives					Endorsement receivables				
	CLN	Other derivatives				Public administrations	Banks	Other financial companies	Other parties	
		Central counterparties	Banks	Other financial companies	Other parties					
1. Secured cash exposures:										
1.1 fully secured	0	0	0	0	0	304,712	1,603	6,978	252,222	**2,193,185**
- of which impaired	0	0	0	0	0	4,661	0	625	14,736	**110,053**
1.2 partially secured	0	0	0	0	0	261,369	0	2,786	76,938	**365,045**
- of which impaired	0	0	0	0	0	1,185	0	543	1,833	**3,668**
2 Secured off balance sheet credit exposures:										
2.1 fully secured	0	0	0	0	0	15,168	162	1,415	129,636	**167,559**
- of which impaired	0	0	0	0	0	184	0	352	4,890	**5,666**
2.2 partially secured	0	0	0	0	0	19,922	0	361	19,431	**42,849**
- of which impaired	0	0	0	0	0	0	0	0	388	**401**

B. Distribution and concentration of credit exposure

B.1 Sector distribution of cash and off balance sheet credit exposure to customers (book value) - part 1

Exposures/counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure						
A.1 Non-performing loans	0	0	1,429	1,749	0	0

Exposures/counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
- of which: forbearance	0	0	0	0	0	0
A.2 Probable defaults	0	0	61	33	0	0
- of which: forbearance	0	0	0	0	0	0
A.3 Impaired overdue loans	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.4 In bonis exposures	849,038	119	388,126	197	3,733	19
- of which: forbearance	0	0	263	5	0	0
TOTAL A	**849,038**	**119**	**389,617**	**1,980**	**3,733**	**19**
B. Off balance sheet exposures						
B.1 Impaired accounts	0	0	0	0	0	0
B.2 In bonis exposures	1,092	0	28,092	1	0	0
TOTAL B	**1,092**	**0**	**28,092**	**1**	**0**	**0**
TOTAL (A+B) 31/12/2021	**850,130**	**119**	**417,709**	**1,981**	**3,733**	**19**
TOTAL (A+B) 31/12/2020	**419,020**	**95**	**337,973**	**1,492**	**8,097**	**41**

B.1 Sector distribution of cash and off balance sheet credit exposure to customers (book value) - part 2

Exposures/counterparties	Non finance companies		Families	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure				
A.1 Non-performing loans	32,152	54,935	28,413	13,031
- of which: forbearance	0	0	0	0
A.2 Probable defaults	32,017	19,673	32,514	14,178
- of which: forbearance	21,866	12,235	25,882	12,704
A.3 Impaired overdue loans	1,061	141	2,015	217
- of which: forbearance	33	3	0	0
A.4 In bonis exposures	1,527,835	22,764	1,281,085	2,996
- of which: forbearance	44,891	7,580	30,207	1,006
TOTAL A	**1,593,064**	**97,513**	**1,344,027**	**30,423**
B. Off balance sheet exposures				
B.1 Impaired accounts	7,115	1,521	1,040	0
B.2 In bonis exposures	941,294	348	99,424	11
TOTAL B	**948,410**	**1,870**	**100,464**	**11**
TOTAL (A+B) 31/12/2021	**2,541,474**	**99,383**	**1,444,491**	**30,434**
TOTAL (A+B) 31/12/2020	**2,369,364**	**114,866**	**1,292,448**	**30,767**

B.1 Sector distribution of cash and off balance sheet credit exposure to customers (book value) - part 3

Exposures/counterparties	Total	
	Net exposure	Overall value adjustments
A. Cash exposure		
A.1 Non-performing loans	61,995	69,716
- of which: forbearance	0	0
A.2 Probable defaults	64,591	33,884
- of which: forbearance	47,749	24,939
A.3 Impaired overdue loans	3,075	358
- of which: forbearance	33	3
A.4 In bonis exposures	4,046,084	26,077
- of which: forbearance	75,362	8,591
TOTAL A	**4,175,746**	**130,035**
B. Off balance sheet exposures		
B.1 Impaired accounts	8,155	1,521
B.2 In bonis exposures	1,069,903	361
TOTAL B	**1,078,058**	**1,882**
TOTAL (A+B) 31/12/2021	**5,253,804**	**131,918**
TOTAL (A+B) 31/12/2020	**4,418,805**	**147,221**

B.2 Territorial distribution of cash and off balance sheet credit exposure to customers (book value) - part 1

Exposure/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures						
A.1 Non-performing loans	61,969	69,661	26	54	0	0
A.2 Probable defaults	64,591	33,884	0	0	0	0
A.3 Impaired overdue loans	3,075	358	0	0	0	0
A.4 In bonis exposures	4,037,581	26,060	11,292	15	1,870	0
TOTAL (A)	**4,167,216**	**129,963**	**11,318**	**70**	**1,870**	**0**
B. Off balance sheet exposures						
B.1 Impaired accounts	8,155	1,521	0	0	0	0
B.2 In bonis exposures	1,069,577	361	326	0	0	0
TOTAL (B)	**1,077,732**	**1,882**	**326**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2021	**5,244,948**	**131,846**	**11,644**	**70**	**1,870**	**0**
TOTAL (A + B) 31/12/2020	**4,410,862**	**147,152**	**6,564**	**66**	**510**	**0**

B.2 Territorial distribution of cash and off balance sheet credit exposure to customers (book value) - part 2

Exposure/Geographical areas	ASIA		REST OF THE WORLD	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures				
A.1 Non-performing loans	0	0	0	0
A.2 Probable defaults	0	0	0	0
A.3 Impaired overdue loans	0	0	0	0
A.4 In bonis exposures	670	0	952	1
TOTAL (A)	**670**	**0**	**952**	**1**
B. Off balance sheet exposures				
B.1 Impaired accounts	0	0	0	0
B.2 In bonis exposures	0	0	0	0
TOTAL (B)	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2021	**670**	**0**	**952**	**1**
TOTAL (A + B) 31/12/2020	**319**	**0**	**550**	**2**

B.2 Territorial distribution of cash and off balance sheet credit exposure to customers (book value) - part 3

Exposure/Geographical areas	Total	
	Net exposure	Overall value adjustments
A. Cash exposures		
A.1 Non-performing loans	61,995	69,716
A.2 Probable defaults	64,591	33,884
A.3 Impaired overdue loans	3,075	358
A.4 In bonis exposures	4,052,365	26,077
TOTAL (A)	**4,182,026**	**130,035**
B. Off balance sheet exposures		
B.1 Impaired accounts	8,155	1,521
B.2 In bonis exposures	1,069,903	361
TOTAL (B)	**1,078,058**	**1,882**
TOTAL (A + B) 31/12/2021	**5,260,084**	**131,918**
TOTAL (A + B) 31/12/2020	**4,418,805**	**147,221**

Notes:
The cash exposures shown in the table (4,182,026 thousand euro) are those measured in the financial statements net of impaired receivables and with evidence of overall value adjustments.
Specifically, the table shows all the financial assets regarding customers taken from line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 Financial assets measured at amortised cost b) receivables from customers" of the financial statements".
Equity investments and shares in mutual funds amounting to 99,290 thousand euro and bank securities amounting to 19,777 thousand euro are not included.

B.3 Territorial distribution of cash and off balance sheet credit exposure to banks (book value) - part 1

Exposure/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures						
A.1 Non-performing loans	0	0	0	0	0	0

Exposure/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A.2 Probable defaults	0	0	0	0	0	0
A.3 Impaired overdue loans	0	0	0	0	0	0
A.4 In bonis exposures	276,292	240	57,017	28	0	0
TOTAL (A)	**276,292**	**240**	**57,017**	**28**	**0**	**0**
B. Off balance sheet exposures						
B.1 Impaired accounts	0	0	0	0	0	0
B.2 In bonis exposures	9,532	0	1,927	0	0	0
TOTAL (B)	**9,532**	**0**	**1,927**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2021	**285,824**	**240**	**58,944**	**28**	**0**	**0**
TOTAL (A + B) 31/12/2020*	**443,903**	**453**	**62,209**	**30**	**55**	**0**

B.3 Territorial distribution of cash and off balance sheet credit exposure to banks (book value) - part 2

Exposure/Geographical areas	ASIA		REST OF THE WORLD	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures				
A.1 Non-performing loans	0	0	0	0
A.2 Probable defaults	0	0	0	0
A.3 Impaired overdue loans	0	0	0	0
A.4 In bonis exposures	0	0	1,160	0
TOTAL (A)	**0**	**0**	**1,160**	**0**
B. Off balance sheet exposures				
B.1 Impaired accounts	0	0	0	0
B.2 In bonis exposures	0	0	0	0
TOTAL (B)	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2021	**0**	**0**	**1,160**	**0**
TOTAL (A + B) 31/12/2020*	**41**	**0**	**0**	**0**

Exposure/Geographical areas	TOTAL	
	Net exposure	Overall value adjustments
A. Cash exposures		
A.1 Non-performing loans	0	0
A.2 Probable defaults	0	0
A.3 Impaired overdue loans	0	0
A.4 In bonis exposures	334,469	267
TOTAL (A)	**334,469**	**267**
B. Off balance sheet exposures		
B.1 Impaired accounts	0	0
B.2 In bonis exposures	11,459	0
TOTAL (B)	**11,459**	**0**
TOTAL (A + B) 31/12/2021	**345,928**	**267**
TOTAL (A + B) 31/12/2020*	**506,209**	**483**

(*) Data from the previous fiscal year are shown in consideration of the changes introduced by the 7th update of Bank of Italy Circular n. 262 .

Notes:

Cash exposures to banks (334,469 thousand euro) are those booked in the financial statements net of impaired receivables. Specifically, the table shows financial assets regarding banks taken from line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 Financial assets measured at amortised cost a) receivables from banks" of the financial statements. Equity investments and shares in mutual funds, amounting to 99,290 thousand euro, and bonds issued by non-bank counterparties, amounting to 570,518 thousand euro are not included. Data are distributed territorially based on the country of residence of the counterparty.

B.4 Large risks (according to regulatory legislation)

Line items/values	31/12/2021			31/12/2020		
	Number	Book value	Weighted value	Number	Book value	Weighted value
a. Large risks	16	2,025,511	456,334	11	1,351,586	339,009
b. Zero weighted risks	3	1,366,095	0	2	252,774	0
Total Large Risks (A-B)	**13**	**659,417**	**456,334**	**9**	**1,098,812**	**339,009**

INFORMATION ON SELF-SECURITISATION TRANSACTIONS – PONTORMO RMBS 2017

Since end of November 2017, Banca Cambiano has been involved as Originator, Servicer and Noteholder in the “Pontormo RMBS 2017” self-securitization transaction (the “Transaction”), with the special purpose vehicle company Pontormo RMBS s.r.l. The exclusive corporate purpose of the latter, registered at n. 35038.9 in the list of securitization vehicles, is the realization of more various securitizations of receivables. During the second semester of 2019, the Transaction was subjected to a restructuring operation (the “Restructuring”) that, in short, consisted in the transfer of a second portfolio of credits by Banca Cambiano and the simultaneous issue of two additional asset-backed securities, a senior Note and a junior Note, with the same characteristics as the previously issued securities. The objectives of the Pontormo RMBS 2017 transaction, the main characteristics of the issued Notes, a selection of quantitative information regarding the 2021 fiscal year and the description of the booking methods in the Bank balance sheet, are illustrated below.

Objectives and structure of the Pontormo RMBS 2017 transaction

The Bank’s objective, in initiating Transaction was to transform part of the assets used (mortgage loans) in an asset backed security type of note (Pontormo RMBS Class A) to be used in a series of activities aimed at further facilitating any needs for liquidity, and specifically:

- to collect short/medium term liquidity through transactions with the Eurosystem;
- to collect medium term liquidity through REPOs (at 2-3 years);
- to perfect refinancing transactions on the New Collateralised Interbank Market (New Mic);
- If the market opportunity arises, and consistently with the average weighted cost of the Bank’s funding, the sale of the ABS on the market.

The transaction was concluded obtaining an ABS instrument (with underlying loans issued by the Bank) with a high credit rating: in fact, on issue, the Note had a rating of AA for S&P and AA- for FITCH, higher than the Italian sovereign debt rating (which was, at the same moment, Baa2 for Moody's, BBB for S&P and BBB for Fitch). On 23/10/2018, Fitch reviewed and raised the rating of the Class “A” securities, increasing it from AA- (rating at issue) to AA, the maximum rating obtainable for Italian structured finance transactions. At the moment of the Restructuring in 2019, both rating agencies confirmed the AA rating for the senior Note issued in 2017 and assigned the same rating to the new senior Note issued within the scope of the Restructuring. At the end of April 2020, following the downgrade by Fitch of the rating for Italy, the agency lowered the rating of senior notes to AA- (the agency policy requires a maximum rating on structured finance transactions 6 notches higher than the sovereign rating of reference, so the downgrading of the notes is due solely to the lowered sovereign rating). Finally, in December 2021, following the rating upgrade for Italy, Fitch revised the rating for the senior notes in question, raising it back to AA. Currently, therefore, the senior notes are rated AA by both S&P and Fitch. Thus, it was possible to transform part of the Bank’s assets, which were otherwise not liquid (the real estate mortgage portfolio), into a financial instrument (the two senior notes) that is rated, transparent, held by the ECB, and, potentially tradable. This transaction stands out due to its “multi-originator” nature, in that it involves the participation of Banca di Pisa e Fornacette Credito Cooperativo (“Banca di Pisa e Fornacette”) along with Banca Cambiano. Each Bank, by means of a sales contract stipulated on 14 November 2017, sold a portfolio of loans (each of which was separate and independent with respect to the other) consisting of receivables, in accordance with the Securitization Law, classified as “*in bonis”* in conformity with current supervisory regulations, and deriving from mortgage loans secured by voluntary mortgages on real property. Within the scope of the Restructuring, each Bank sold, in the same manner described above, a second portfolio of mortgages, again, each of which was separate and independent with respect to the other. Below are some of the principal general criteria for eligibility of the transferred loans, valid for both transfer agreements:

- loans must be in Euro;
- Loans issued to physical persons residing in Italy who, in conformity with the classification criteria adopted by Bank of Italy with Circular. n 140 dated 11 February 1991 (as subsequently amended), fall under one of the following categories for sector of economic activity: n. 600 ("consumer households"); n. 614 (“artisans”) or n. 615 (“producer families”);
- Mortgage loans secured by voluntary mortgage on one or more real properties located on the Italian territory and with respect to which the real property on which the mortgage is secured (or, in case of one or more mortgages on more than one real property as guarantee for the same loan, the principal real property) is a residential property used as a dwelling;
- None of the borrowers is an employee, manager, statutory auditor or director of the Bank;
- None of the borrowers is a public administration or similar entity, nor a company that is directly or indirectly controlled by a public administration, nor a religious or ecclesiastic entity.

The above-mentioned banks act as Servicers of their own portfolios transferred to the Vehicle Company

The SPV paid the selling banks the price of 695,618,219.29 euro within the scope of the first transaction, and 447,699,408.76 euro within the scope of the second transactions, corresponding to the total of the individual purchase prices for the receivables sold each time, as specified below:

- First transaction - Banca di Pisa e Fornacette: 232,893,077.48 euro;
- First transaction - Banca Cambiano: 462,725,141.81 euro;
- Second transaction - Banca di Pisa e Fornacette: 160,485,163.54 euro;
- Second transaction - Banca Cambiano: 287.214.245.22 euro.

The purchase of the first portfolio was financed by the SPV, in accordance with articles 1 and 5 of the Securitization Law, by issuing on 27 November 2017, the classes of Notes specified here following:
Senior – (Class A notes)

- Euro 181,656,000 Class A1-2017;
- Euro 360,925,000 Class A2-2017;

Junior – (Class B notes)

- Euro 54,137,000 Class B1-2017;
- Euro 107,562,000 Class B2-2017.

Similarly, the second portfolio of receivables sold within the scope of the Restructuring operation was financed on 06 December 2019 by issuing the following securities:
Senior – (Class A notes)

- Euro 157,866,000 Class A1-2019;
- Euro 285,773,000 Class A2-2019;

Junior – (Class B notes)

- Euro 3,380,000 Class B1-2019;
- Euro 1,330,000 Class B2-2019.

Subscriber	Isin	Class	Tranching Senior	Rating at issue	Rating at 31.12.2021	Nominal	Amount outstanding at 31.12.2021	Amount outstanding after repayment 25.01.2022
Banca di Pisa e Fornacette	IT0005315210	Class A1 - 2017	84.00%	AA / AA-	AA / AA	181,656,000	73,859,428	72,666,638
Banca di Pisa e Fornacette	IT0005391237	Class A1 - 2019	84.00%	**AA / AA**	**AA / AA**	157,866,000	102,017,063	100,369,878
Banca Cambiano	**IT0005315228**	**Class A2 - 2017**	**84.00%**	**AA / AA-**	**AA / AA**	**360,925,000**	**162,824,550**	**160,386,368**
Banca Cambiano	**IT0005391245**	**Class A2 - 2019**	**84.00%**	**AA / AA**	**AA / AA**	**285,773,000**	**203,881,815**	**200,828,596**
		Class A Notes	**84.00%**			**986,220,000**	**542,582,856**	**534,251,481**
Banca di Pisa e Fornacette	IT0005315236	Class B1 - 2017	16.00%			54,137,000	54,137,000	54,137,000
Banca di Pisa e Fornacette	IT0005391252	Class B1 - 2019	16.00%			3,380,000	3,380,000	3,380,000
Banca Cambiano	**IT0005315244**	**Class B2 - 2017**	**16.00%**			**107,562,000**	**107,562,000**	**107,562,000**
Banca Cambiano	**IT0005391260**	**Class B2 - 2019**	**16.00%**			**1,330,000**	**1,330,000**	**1,330,000**
		Class B Notes	**16.00%**			**166,409,000**	**166,409,000**	**166,409,000**

I Class A notes were listed on the Irish Stock Exchange, while class "B" Notes were neither listed nor given a rating. Senior Notes generate interest at a Euribor-linked floating interest rate at 1 month (with a 0% floor) increased by a spread equal to 0.45%. Instead, Junior Notes, that do not have a coupon, receive flows other than capital that are due based on the order of priority for each period of reference. Interest and revenue on Notes are paid monthly on the 25th of each month. The Notes subscribed by Banca Cambiano are Class A2 (senior) and Class B2 (junior) Notes, with the following characteristics:

Class A2-2017
Currency: Euro
Amount at issue: 360,925,000
Rate: Euribor 1M (floor a 0%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2021: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005315228
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class A2-2019
Currency: Euro
Amount at issue: 285,773,000
Rate: Euribor 1M (floor a 0%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2021: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005391245
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2017
Currency: Euro
Amount at issue: 107,562,000
Rate: N.A.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005315244
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2019
Currency: Euro
Amount at issue: 1,330,000
Rate: N.A.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005391260
Applicable law: Italian law.
Subscriber: Banca Cambiano.

The Notes are all managed in dematerialized form by Monte Titoli S.p.a.

The amounts for Junior Notes include:

- A cash reserve ("Cash Reserve Amount") equal to 1.50% of the par value of the Senior Notes issued within the scope of the Restructuring operation (7,688,433 euro for Banca Cambiano):

Cash Reserve Amount (1.50% of par value of the issued Senior Note)		
	% of total	€
Banca di Pisa e Fornacette Cash Reserve Amount	34.62%	4,071,673
Banca Cambiano Cash Reserve Amount	65.38%	7,688,433
Total Reserve	**100.00%**	**11,760,106**

- The amount required to fund the reserve for expenses (Retention Amount) which, at the time of issue, corresponds to 53,216.00 for Banca Cambiano for a total amount amounting to 80,000.00 euro:

Retention Amount (reserve for expenses at issue)		
	% of total	€
Banca di Pisa e Fornacette	33.48%	26,784
Banca Cambiano	66.52%	53,216
Total	**100%**	**80,000**

- The Transaction restructuring expenses (294,727.31 pro quota for Banca Cambiano) and the expenses for the Restructuring (246,905.34 pro quota for Banca Cambiano).

The cash reserve is a guarantee for Senior Noteholders (who in this case are the same as the originators and therefore there is also an implicit guarantee in favour of Banca Cambiano, which holds the Class “A2” Notes). An amortisation of the cash reserve is also provided for (based on the amount of funds available), which is gradually repaid to the respective bank based on the amortisation of the respective Senior Notes, up to a set minimum level (0.8% of the par value of the Senior Notes at the moment of the Restructuring). At the moment, it is not possible to use the cash reserve in any way and it is provided that such a reserve remain available to the vehicle in the form of cash, contributing to the amount of available funds, if necessary.

Cash Reserve Amount	Reserve at issue	Outstanding reserve at 31.12.2021
Banca di Pisa e Fornacette Cash Reserve Amount	4,071,673	2,672,372
Banca Cambiano Cash Reserve Amount	7,688,433	5,561,349
Total Reserve	**11,706,106**	**8,233,721**

The Retention Amount is an expense fund available to the vehicle, used by the structure for the vehicle’s management costs. At each monthly settlement, on the basis of the documented costs sustained, this expense account/fund is replenished until it is the equivalent of the pre-established total amount of 80,000.00 Euro, of which the € 53,216 mentioned above represent the share for which Banca Cambiano was responsible at the time of subscription.

The Notes are repaid on the same date as the payment of interest, in accordance with recovery of the underlying receivables, available funds and the order of priority of payments (illustrated below). The interest period becomes effective starting from a payment date (inclusive) through the following payment date (exclusive) and interest is calculated on the basis of the actual number of days that have passed, divided by 360. The characteristics of the class “A” notes allow them to be used for loan transactions with the European Central Bank.

Selected quantitative at 31/12/2021

A selection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 3 31 December 2021.

Securitised assets

At the close of 2021, securitised credits were equivalent to their price of purchase, net of collections as at the transfer date of 31 December 2021, of the amounts to be received for collections due in the fiscal year but not yet transferred by the Servicer, and increased by accrued interest due as at December 2021.

	31/12/2021
In bonis securitised assets	685,058,522
Receivables for interest accrued but not yet collected	54,717
Total	**685,113,239**

As at 31/12/2021, no accounts were classified “non-performing”, while those classified as “probable defaults” amounted to 49,614,16 euro.

Assets disposed of by Banca Cambiano had the following characteristics:

	31/12/2021
Residual capital	459,893,139
Number of loans	6,235
Average residual life (years)	15,35
Weighted average rate	1.71%
Average amount of the loan	73,760
Current LTV	0.65784

The table below indicates the outstanding securitized assets as at 31 December 2021 classified on the basis of their residual life:

	Total Portfolio		Portfolio Banca Cambiano	
	Balance at 31/12/2021	Balance at 31/12/2021	Balance at 31/12/2021	Balance at 31/12/2021
Up to 3 months	79,100	0.01%	69,486	0.01%
From 3 to 6 months	154,741	0.02%	114,284	0.02%
From 6 to 12 months	625,271	0.09%	482,159	0.10%
From 12 to 60 months	32,440,480	4.74%	23,760,112	5.17%
Over 60 months	651,758,931	95.14%	435,467,098	94.78%
Total	**685,058,522**	**100.00%**	**459,893,139**	**100.00%**

In conclusion, the table below shows the breakdown of the portfolio subdivided by category as at 31 December 2021.

	Total Portfolio		Banca Cambiano Portfolio	
	Number of positions	Balance at 31/12/2021	Number of positions	Balance at 31/12/2021
Up to 25,000	1,493	22,017,215	1,166	17,010,801
From 25,000 to 75,000	3,639	175,198,010	2,632	124,642,224
From 75,000 to 250,000	3,663	438,410,680	2,326	277,468,125
Over 250,000	134	49,432,617	111	40,771,989
Total	**8,929**	**685,058,522**	**6,235**	**459,893,139**

Use of available funds

Description	31/12/2021
Liquidity at BNY c/c n. 6983879780 (Expenses Acc.)	83,113
Liquidity at BNY c/c n. 6983899780 (Banca Cambiano Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983919780 (BCC Pisa e Fornacette Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983989780 (General Acc.)	8,980,998
Liquidity at BNY c/c n. 6983999780 (Banca Cambiano Cash Reserve Acc.)	5,561,349
Liquidity at BNY c/c n. 6984009780 (BCC Pisa e Fornacette Cash Reserve Acc.)	2,672,372
Liquidity at BNY c/c n. 6983929780 (Payment Acc.)	186
Liquidity at BNY c/c n. 6983939780 (Banca Cambiano Suspension Acc.)	413,140
Liquidity at BNY c/c n. 6983949780 (BCC Pisa e Fornacette Suspension Acc.)	73,952
Receivables for transaction profit	3,258,924
Receivables from Servicers for collections to be received	374,290
Accrued interest income on securitised receivables	3,045,309
Prepaid expenses	29,690
Total	**24,493,323**

Interest on issued notes (economic competence)

	31/12/2021
Interest expenses on Class A Notes	2,720,103
Interest expenses in Class B Notes	10,120,562

Fees and commissions charged to the transaction

During the 2021 fiscal year, fees and commissions charged to the transaction are composed of the line items detailed in the table below:

Description	31/12/2021
Servicing fees (Banca Pisa)	108,721
Servicing fees (Banca Cambiano)	**175,414**
Computation agent fees	37,645
Sub Computation Agent fees	1,237
Listing Agent fees	3,000
Representative of the Noteholders fees	8,660
Account Bank, Cash Manager, Principal Paying Agent fees	14,500
Other	189,956
Total	**539,133**

Interest generated by the

As at 31 December 2021, the total portfolio of self-securitised loans generated the following interest amounts:

	31/12/2021
Interest on securitised receivables	13,308,270
Interest on early settlement	140,759
Other revenue	17,763
Total	**13,466,792**

INDICATION OF UNDERWRITTEN CONTRACTS

For the purpose of carrying out the self-securitization transaction and the subsequent restructuring, it was necessary to underwrite the contract agreements outlined below with various counterparties:

i. N. 4 "Transfer Agreements" (two during the structuring of the Transaction and two during the restructuring) by virtue of which the Company purchased from Banca di Pisa e Fornacette and Banca Cambiano against payment, in block and without recourse, the respective credit claim portfolios;

ii. N. 2 "Warranty and Indemnity Agreements " (one during the structuring of the Transaction and one during the restructuring) as per which each Originator Bank issued specific declarations and guarantees, granted security and committed to obligations of indemnification regarding their respective Claims and the assignment thereof to the Company;
iii. "Servicing Agreement" (modified and integrated during the restructuring stage from the ”Agreement for amendment to the Servicing Agreement), by means of which the Company appoints each Originator Bank to execute services regarding the administration, management, collection and redemption of their respective Claims (including, for the sake of clarity, any defaulted clams);
iv. "Corporate Services Agreement , by means of which the Company appoints Cabel Holding S.p.A. as Administrator of company activities;
v. “Stichting Corporate Services Agreement”;
vi. "Back-up Servicing Agreement", by means of which the Company appoints the back-up servicers to act as substitutes for the Servicers in the event of cancellation of the appointment of Banca di Pisa e Fornacette or Banca Cambiano as Servicers as per the Servicing Agreement;
vii. "Cash Administration and Agency Agreement" between, *inter alios*, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
viii. "*Intercreditor Agreement*" between, *inter alios*, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
ix. " Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A., Banca di Pisa e Fornacette, Banca Cambiano and Banca Akros S.p.A.;
x. " Quotaholder’s Agreement" between the Company, Cabel Holding S.p.A., Stichting Muitenburg and KPMG Fides Servizi di Amministrazione S.p.A.;
xi. N. 2 “Written Written Resolutions”, by means of which the Noteholders approved the restructuring of the transaction, authorizing the RON and the Company to take the actions required to complete the restructuring of the transaction;
xii. “Amendment Agreement”, undersigned by all the parties involved in the Transaction, in which amendments are made to the previously undersigned agreements, as required to allow restructuring the Transactions.
xiii. " Offering Circular" (comprehensive of terms of the securities).

SUBJECTS INVOLVED IN THE TRANSACTION
The subjects involved, in one way or another, in the transaction are specified herein following.

Issuer/Purchaser of the claims
Pontormo RMBS Srl, a limited liability company incorporated under article 3 of Law 130/99, taxation code, Vat code and registration number in the Register of Companies n. 06272000487, fully paid-in share capital equal to 10,000.00 Euro, enrolled in the Register of special purpose vehicles kept by Bank of Italy pursuant to Bank of Italy provision of 7 June 2017 con n. 35039.9, whose registered offices are in Empoli (FI), via Cherubini 99.

Originators/Servicers/Back-up Servicers
Banca di Pisa e Fornacette Credito Cooperativo S.C.p.A, a bank incorporated in Italy as a “*Società Cooperativa per azioni*”, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 4646, with registered offices in Lungarno Pacinotti, 8 – 56126 Pisa ("Banca di Pisa e Fornacette").

Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Agent Bank/Transaction Bank/ Paying Agent
The Bank of New York Mellon SA/NV, Milan branch, a company incorporated under the laws of Belgium, operating through its branch office in Via Mike Bongiorno, 13, 20124, Milano, Italy, ("BNYM").

Operating Bank
Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Representative of the Noteholders/ Stichting Corporate Services Provider/ Back-up Computation Agent

KPMG Fides Servizi di Amministrazione SpA, a company limited by shares incorporated in Italy, registered with the Register of Companies in Milan, Italy, at n. 00731410155, with registered offices in Via Vittor Pisani 27, Milan (MI), Italy, operating through its Rome branch, in Via Eleonora Duse, 53 ("KPMG").

Corporate Services Provider/Computation Agent
Cabel Holding SpA, a company limited by shares incorporated in Italy, registered in the Register of Company of Florence, Italy, at n. 04492970480, with offices in Via L. Cherubini, 99, Empoli (FI), Italy ("Cabel Holding").

Quotaholders
(i) Stichting Muitenburg, a foundation incorporated under Dutch Law, with registered offices in Hoogoorddreef 15, 1101BA, Amsterdam (Netherlands), registered in the Register of Companies of Amsterdam at n. 55248780, and (ii) Cabel Holding.

Rating Agencies
Fitch Italy S.p.A. (“Fitch”) and S&P Global Ratings Italy S.R.L. (“S&P”).

Arranger
Banca Akros SpA, a bank incorporated in Italy as a *società per azioni*, whose registered offices are in Viale Eginardo 29, 20149 Milan, Italy, with fully paid-in share capital of 39,433,803 Euro, registered in the Register of Companies of Milan at n. 03064920154 and in the Register of banks kept by Bank of Italy at n. 5328, participant to the banking group "Banco BPM", subject to the management and coordination activities ("*attività di direzione e coordinamento*"), of Banco BPM, authorised to carry out business in Italy pursuant to the Banking Consolidation Act ("Banca Akros").

Legal Advisor
Orrick, Herrington & Sutcliffe,

ALLOCATION OF CASH FLOWS ARISING FROM THE PORTFOLIO
A summarized schedule of the al location of cash flows arising from transferred claims is provided here below. Please note the following main features:

a) The elements described in the order of payment are stepped and based on priority, in that they are settled only if there are sufficient residual funds after having paid the preceding element.
b) At each payment date, two different order of payment are prepared (identical in form and contents), one for each Originator Bank /Noteholder. In this way, the collections generated by the securitized portfolio of a Bank, deducting the respective structural costs due, remain fully with the Bank that has transferred the portfolio. Nonetheless, in cases of particular stress of the structure or of insufficient performance of the portfolios, reciprocity mechanisms between the two Banks have been set up, so that all collection generated by the portfolio of one bank may be used to integrated the available funds of the other bank that is in deficit. Should this occur, debit/credit positions arise within the structure, which are automatically offset as soon as possible.

i. Banca di Pisa e Fornacette/Banca Cambiano *Outstanding Notes Ratio*[3] of (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer, (ii) all costs and taxes required to be paid in order to maintain the rating of the Notes;
ii. Banca di Pisa e Fornacette/Banca Cambiano *Outstanding Notes Ratio* of fees, costs and all other sums payable to the Representative of the Noteholders;
iii. Banca di Pisa e Fornacette/Banca Cambiano *Outstanding Notes Ratio* of the amount required to guaranty that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount;
iv. Banca di Pisa e Fornacette/Banca Cambiano *Outstanding Notes Ratio* of fees, costs and all other sums due and payable to the (Back-up) Computation Agent, the Agent Bank, the Transaction Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;
v. Servicing fees to the respective servicers;
vi. Interest due and payable on Class A1/A2 Notes;
vii. The amount required so the balance of the Cash Reserve Account is equal to the Target Cash Reserve Amount;
viii. Reimbursement of principal due on Class A1/A2 Notes at the Payment Date;

[3] That is, the fraction of notes competence of a bank with respect to the total outstanding notes.

ix. Any amounts required to increase the Available Funds of the other portfolio for an amount equal to the corresponding quota of cash reserve of the other portfolio used in previous IPD to increase the Available Funds of this portfolio;
x. In the event of a Disequilibrium Event for a portfolio, the Principal Amortisation Reserve Amount to be credited to the relative Principal Amortisation Reserve Account in relation to the portfolio for which the Disequilibrium Event did not occur;
xi. In the event of a Detrimental Event, the amount of the Reserve Amount to be credited to the Reserve Account;
xii. (i) Any amount due from the SPV to the Originators as repayment for an indemnity paid by the Originator to the SPV within the scope of the warranty and indemnity agreement (ii) any amounts due from the SPV to the servicer within the scope of the servicing agreement that have not been paid pursuant to the previous points;
xiii. Only on the first payment date, to pay Originators the respective interest;
xiv. Pay (a) to each Originator every amount due referring to adjustment in the purchase price in relation to the claims not listed in the transfer agreement but that respected the criteria listed in the same and every amount due to the SPV as per the warranty and indemnity agreement (other than those under point 12 above) and (b) to the relative subscriber of Class B or the relative Originator any amount due by the SPV as per the subscription agreement;
xv. Interest due and payable on Class B1/B2 Notes;
xvi. Starting from the Payment Date on which Class A Notes are fully redeemed, repayment of principal on Class B1/B2 Notes;
xvii. After full and final settlement of all payments due under this Order of Priority and the full redemption of all the notes, payment of any surplus on the accounts of vehicle in favour of Banca di Pisa e Fornacette/Banca Cambiano.

E. Sale transactions

A. Financial assets sold but not fully derecognised

Qualitative and quantitative information

E.1 Sold financial assets recognised in full and connected financial liabilities associate: balance sheet values

Technical forms/Portfolio	Sold financial assets fully recognised				Connected financial liabilities		
	Book value	of which: subject of securitisation transactions	of which: subject to sale contracts with agreement to repurchase	of which impaired	Book value	of which: subject of securitisation transactions	of which: subject to sale contracts with agreement to repurchase
A. Financial assets held for trading				**X**			
1. Debt securities	0	0	0	X	67,756	0	67,756
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	X	0	0	0
4. Derivatives	0	0	0	X	0	0	0
B. Financial assets obligatorily measured at fair value							
1. Debt securities	0	0	0	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at fair value							
1. Debt securities	0	0	0	0	0	0	0
2. Loans	0	0	0	0	0	0	0
D. Financial assets measured at fair value with impact on total profits							
1. Debt securities	0	0	0	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at amortised cost							
1. Debt securities	12,931	0	12,931	0	13,007	0	13,007

2. Loans	0	0	0	0	0	0	0
Total at 31/12/2021	**12,931**	**0**	**12,931**	**0**	**80,763**	**0**	**80,763**
Total at 31/12/2020	**12,700**	**0**	**12,700**	**0**	**13,004**	**0**	**13,004**

E.3 Sales transactions with liabilities that have recourse exclusively on the transferred assets not fully derecognised: fair value

Technical forms/Portfolio	Fully recognised	Partially recognised	Total	
			31/12/2021	31/12/2020
A. Financial assets held for trading				
1. Debt securities	0	0	0	0
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0
4. Derivatives	0	0	0	0
B. Financial assets obligatorily measured at fair value				
1. Debt securities	0	0	0	0
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0
C. Financial assets measured at fair value				
1. Debt securities	0	0	0	0
2. Loans	0	0	0	0
D. Financial assets measured at fair value with impact on total profits				
1. Debt securities	0	0	0	0
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0
E. Financial assets measured at amortised cost (fair value)				
1. Debt securities	12,885	0	12,885	12,700
2. Loans	0	0	0	0
Total financial assets	**12,885**	**0**	**12,885**	**12,700**
Total connected financial liabilities	**13,007**	**0**	**X**	**X**
Net value at 31/12/2021	**-122**	**0**	**-122**	**X**
Net value at 31/12/2020	**-304**	**0**	**X**	**-304**

As regards receivables from customers and payables to customers, the "fair value" used in the table is equivalent to the amortised cost.

Section 2 – Market risks

2.1 Interest rate risk and price risk – regulatory trading portfolio

For the purpose of reporting as regards this section, only financial instruments (both assets and liabilities) included in the “regulatory trading portfolio” were taken into consideration, as required by regulations regarding regulatory information on market risks (cfr. Circular n. 286 of 17 December 2013 issued by Bank of Italy).

Qualitative information

A. General information

The primary activity of the Bank is trading financial instruments exposed to interest rate risk.
The strategy underlying its trading activity corresponds both to treasury needs and to the objective of enhancing the risk/yield profile of portfolio investments in terms of the interest rate risk and the counterparty’s credit risk.
Trading regards exclusively operations involving bonds.

Effects deriving from the Covid-19 pandemic

As regards market risk, no effects directly attributable to the pandemic crisis have been observed; indeed, no changes have been made to objectives and strategies relating to treasury portfolios with respect to the evolution and duration of the health emergency, which remains principally invested in government bond, nor have the measurement and control systems for market risks been varied.

B. Management procedures and measurement methods for interest rate risk and price risk

The Finance Area Regulations establish both operating limits (both in terms of portfolio value as well as the breakdown by type of security) and limits for exposure to interest rate risk (in terms of financial duration).

In the meeting held on 16 January 2020, the Board of Directors approved the Policy on interest rate risk, accompanied by the attached methodology document, subsequently updated during the meeting held on 26/03/2022.

Quantitative information

D.2.1.1 Regulatory trading portfolio: distribution by residual duration (re-pricing date) of cash financial assets and liabilities and financial derivatives – All currencies

Type/Residual duration	On demand	Up to 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	4,226	3,855	0	0	**8,082**
1.2 Other assets	0	0	0	0	0	0	0	0	**0**
2. Cash liabilities									
2.1 Repurchase agreements on debt	0	0	0	0	0	0	0	0	**0**
2.2 Other liabilities	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	2,110,241	0	0	0	0	0	0	**2,110,241**
+ short-term positions	0	4,206,646	0	0	0	0	0	0	**4,206,646**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	31	0	0	67	0	0	0	**98**

2.2 Interest rate risk and price risk – bank portfolio

Qualitative information

Interest rate risk is created by an imbalance between the due dates (re-pricing) of asset and liability items belonging to the bank portfolio. This latter is composed of all the financial instruments, assets and liabilities, not included in the trading portfolio in accordance with current regulatory provisions.

General Management is responsible for setting forth the guidelines for banking book management, in compliance with the strategic policies defined by the Board of Directors, and monitoring banking book management trends.

The Risk Management office proposes possible banking book interest rate risk management and mitigation measures to General Management.

Interest rate risk mitigation is pursued by means of integrated management of bank assets and liabilities and is aimed at stabilizing interest income and safeguarding the economic value of the bank portfolio.

Specifically, management of the securities portfolio is mainly keyed to maintaining the Bank's liquidity reserves.

Exposure to banking book interest rate risk is calculated by the Bank in a manner consistent with the provisions of current regulations, through the simplified Regulatory approach (Cfr. Bank of Italy Circular n. 285/2013, First Part, Title III, Chapter 1, Annex C, that introduces the recent guidelines of the European Banking Authority); by using this method, the Bank can monitor the impact of unexpected changes in market conditions on the value of shareholders' equity, thus making it possible to identify the mitigation interventions to be executed.

More in detail, the process to estimate exposure to banking book rate risk provided using the simplified method provides for the following stages:

▪ Determination of the relevant currencies. "relevant currencies" are those that represent a percent of the total assets, or of total liabilities of the banking portfolio, that is greater than 5%. For the purpose of the calculation method for exposure to interest rate risk, positions in "relevant currencies" are considered individually, while positions in "non relevant currencies" are aggregated for the respective counter-value in Euro;

▪ Classification of assets and liabilities into time brackets. Nineteen (19) time brackets are provided for. Fixed rate assets and liabilities are classified based on their residual life, while floating rate assets and liabilities are classified based on the interest rate renegotiation date;

▪ Within each bracket, assets and liabilities are multiplied by the weighting factors, obtained as the product between a hypothetical variation in the rates and an approximation of the modified duration relative to each of the brackets;
▪ Within each bracket, asset positions are offset by liability positions, thereby obtaining a net position;
▪ Aggregation in the various currencies. The absolute values of the exposures relating to each "relevant currency" and to the aggregate of "non relevant currencies" are summed together, thereby obtaining a value that represents the variation in the economic value of the Bank, as a function of the hypothesised interest rate trend.
The main sources of interest rate risk are fixed rate positions. As regards the asset entries, these are amounts referring primarily to fixed rate securities (BTP) and mortgages.
The interest rate risk inherent to the banking portfolio is monitored by the Bank on a quarterly basis.

2.2.1 Bank portfolio: distribution by residual duration (by re-pricing date) of financial assets and liabilities – All currencies

Type/Residual duration	On demand	Up to 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	4,665	31,135	185,565	467,380	159,888	30,075	0	**878,709**
1.2 Loans to banks	74,024	137,936	0	0	0	0	0	0	**211,960**
1.3 Loans to customers									
- c/c	534,183	903	769	5,205	9,757	0	0	0	**550,816**
- Other loans									
- with early redemption option	80,385	31,819	8,284	0	0	0	0	0	**120,487**
- other	1,834,231	208,630	33,754	48,673	220,755	121,035	188,115	0	**2,655,193**
2. Cash liabilities									
2.1 Payables due to customers									
- c/c	2,822,592	36,305	32,045	36,290	182,211	0	0	0	**3,109,443**
- other liabilities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	51,670	13,007	0	0	0	0	0	0	**64,678**
2.2 Payables to banks									
- c/c	65,902	0	0	0	0	0	0	0	**65,902**
- other liabilities	1,071,517	0	0	0	15,003	0	0	0	**1,086,519**
2.3 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	85	10,000	0	0	117,242	14,134	0	0	**141,462**
2.4 Other liabilities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	16,968	24,014	0	0	0	0	0	**40,982**
+ short-term positions	0	46,105	25,826	0	0	0	0	0	**71,931**
4. Other off balance sheet transactions									
+ long-term positions	17,034	6,359	4,718	4,442	2,783	0	2,986	0	**38,322**

Type/Residual duration	On demand	Up to 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
+ short-term positions	38,507	0	0	0	0	0	0	0	**38,507**

Notes:
Long-term and short-term positions in other derivatives at point 3.2 are expressed as notional values.

2.3 Exchange rate risk

Qualitative information

A. General information, management procedures and methods to measure the exchange rate risk
Exchange rate risk represents the risk of suffering losses on operations in foreign currency, due to the effect of negative variations to foreign currencies.
This type of transaction constitutes a profit component; the Bank's policy is to continuously maintain a foreign currency position that is substantially neutral, in order to minimize the exchange rate risk. The Bank is marginally exposed to the exchange rate risk due to assets used to serve customers.
Exposure to exchange rate risk is measured using a methodology that faithfully follows what is provided by the Supervisory Regulations.
Measurement is based on the calculation of the "net position in foreign exchanges", i.e. the balance of all assets and liabilities (in financial statements and "off balance sheet") related to each foreign currency, including operations in Euro indexed to the exchange rate trend of foreign currency.
The organisational structure provides that the management of the exchange rate risk is delegated to the Foreign Office for assets used to service customers and to the Securities Treasury Office for financial instruments, whereas the measurement of exposure is attributed to the Risk Management Office based on the data provided by the Management Control Office.

B. Hedging of exchange rate risk
Considering the very limited exposure to exchange rate risk, no particular hedging operations have been implemented. In fact, cash exposures and foreign exchange transactions and forward foreign exchange transactions with customers are balanced by opposite transactions with banks.
Furthermore, limits are set by corporate regulations on unmatched foreign currency positions.

Quantitative information

2.3.1 Distribution by denominated currency of assets, liabilities and derivatives

Line items	Currencies					
	USA dollar	British sterling pound	Swiss franc	Canadian dollar	Japanese yen	Other currencies
A. Financial assets						
A.1 Debt Securities	0	0	0	0	0	0
A.2 Capital securities	0	0	0	0	0	0
A.3 Loans to banks	0	0	0	0	0	0
A.4 Loans to customers	88,217	0	0	0	0	0
A.5 Other financial assets	0	0	0	0	0	0
B. Other assets	**2,641**	**74**	**228**	**112**	**150**	**312**
C. Financial liabilities						
C.1 Payables due to banks	58,980	1	1,327	0	0	0
C.2 Payables due to customers	8,274	2,312	52	120	83	20
C.3 Debt securities	0	0	0	0	0	0
C.4 Other financial liabilities	0	0	0	0	0	0
D. Other liabilities	**0**	**0**	**0**	**0**	**0**	**0**
E. Financial derivatives						
- Options						
+ Long-term positions	0	0	0	0	0	0
+ Short-term positions	0	0	0	0	0	0
- Other derivatives						
+ Long-term positions	23,728	2,297	0	202	0	0
+ Short-term positions	46,231	0	201	201	0	79
Total assets	**90,858**	**74**	**228**	**112**	**150**	**91,734**
Total liabilities	**67,254**	**2,313**	**1,380**	**120**	**83**	**71,169**
Imbalance (+/-)	**23,604**	**-2,239**	**-1,152**	**-8**	**67**	**20,565**

Section 3 - Derivative instruments and hedging policies

3.1 Derivative instruments from trading

A. Financial derivatives

3.1.A.1 Financial derivatives from trading: notional end period values

Underlying assets / Type of derivative	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates								
a) Options	0	40,000	0	0	0	40,000	0	0
b) Swap	0	0	67	0	0	0	0	0
c) Forward	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
2. Capital securities and equity indexes								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
3. Currency and gold								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	51,686	0	0	0	103,057	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Goods	0	0	0	0	0	0	0	0
5. Other	0	0	0	0	0	0	0	0
Total	**0**	**40,000**	**51,752**	**0**	**0**	**40,000**	**103,057**	**0**

3.1.A.2 Financial derivatives from trading: positive and negative gross fair value– subdivided by product

Underlying assets / Type of derivates	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	67	0	0	8	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	31	0	0	0	807	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**98**	**0**	**0**	**8**	**807**	**0**
2. Negative fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	694	0	0	0	641	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0

Underlying assets / Type of derivates	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
Total	**0**	**0**	**694**	**0**	**0**	**0**	**641**	**0**

3.1.A.3 Financial derivatives from OTC trading: notional values, positive and negative gross fair value by counterparties

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other finance companies	Other parties
Contracts that are not a part of netting agreements				
1) Debt securities and interest rates				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
2) Capital securities and equity indexes				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
3) Currency and gold				
- notional value	X	48,489	0	3,197
- positive fair value	X	27	0	4
- negative fair value	X	668	0	25
4) Goods				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Altri				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts part of netting agreements				
1) Debt securities e interest rates				
- notional value	0	40,000	0	0
- positive fair value	0	67	0	0
- negative fair value	0	0	0	0
2) Capital securities e equity indexes				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Currency and gold				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
4) Goods				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

3.1.A.4 Residual life of financial derivatives from OTC trading: notional values

Underlying assets/Residual life	Up to 1 Year	Beyond 1 year and through 5 years	Beyond 5 years	Total at 31/12/2021
A.1 Financial derivatives on debt securities and interest rates	0	40,000	0	**40,000**
A.2 Financial derivatives on capital securities and equity indexes	0	0	0	**0**
A.3 Financial derivatives on currency and gold	51,686	0	0	**51,686**

Underlying assets/Residual life	Up to 1 Year	Beyond 1 year and through 5 years	Beyond 5 years	Total at 31/12/2021
A.4 Financial derivatives on goods	0	0	0	**0**
A.5 Other financial derivatives	0	0	0	**0**
Total at 31/12/2021	**51,686**	**40,000**	**0**	**91,686**
Total at 31/12/2020	**103,057**	**40,000**	**0**	**143,057**

3.2 Recognised hedges

A. Hedging of fair value

3.2.A.1 Hedge financial derivatives: notional end period values

Underlying assets / Type of derivatives	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	20.ì,000	0	0	0	20,000	0	0
c) Forward	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
2. Capital securities and equity indexes								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
3. Currency and gold								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Goods	0	0	0	0	0	0	0	0
5. Other	0	0	0	0	0	0	0	0
Total	**0**	**20,000**	**0**	**0**	**0**	**20,000**	**0**	**0**

Qualitative information

On first time application of the IFRS9 accounting standard, Banca Cambiano exercised the option provided for by the principle to continue to fully apply the regulations of IAS 39 to all types of hedges.
Therefore, the provisions of IFRS 9 regarding hedges are not applied.

A. Hedging of fair value

The Bank's hedging activity is aimed at protecting the bank portfolio from variations of fair value on deposits and lending caused by fluctuations of the interest rate curve (interest rate risk). The Bank adopts specific hedges (micro fair value hedge) and has no generic hedges (macro fair value hedge). The micro fair value hedges include two hedging operations for bond issues and securities.
The type of derivative used is plain interest rate swaps (IRS) with third parties.
The derivatives are not listed on regulated markets, but traded on the over-the-counter circuit.

B. Hedging of cash flows.

The Bank has no current operations for hedging of cash flows.

C. Hedging of foreign investments

The Bank has no current operations for hedging of foreign investments.

D. Hedging instruments

In order for a transaction to be recognised as a “hedge", it is necessary that the following conditions be satisfied: a) the hedge relationship must be formally documented; b) the hedge must be effective from the time it initiates and prospectively for its entire duration. Effectiveness is controlled by means of specific instruments and is considered to exist when variations of fair value of the hedged financial instrument almost entirely sterilize the variations of risk of the hedged instrument. A hedge is considered to be highly effective between a range of 80% through 125%. An effectiveness test is conducted at each close of the financial statements or at the time of any six-month interim financial statements. If the effectiveness test indicates an insufficient hedge and the misalignment is considered not to be temporary, the hedged instrument is allocated to the trading portfolio. Hedges are measured according to the principle of “negotiation date”.

The hedge instrument (IRS) is measured at fair value.

The fair value of hedges listed in active markets is taken from the quotations at the close of the markets (fair value hierarchy - level 1), whereas instruments not listed in an active market (over the counter) are measured discounting future cash flows on the basis of the yield curve (fair value hierarchy - level 3). Since they are unlisted, the latter method is used to measure the fair value of all of the Bank’s hedges. The hedged accounts are also measured at fair value, limited to variations of value produced by the risks that are the object of the hedge, thus "sterilizing” the risk components that are not directly related to such hedge.

E. Hedged assets

A hedged assets is an asset security.

E.1 Asset securities

This is a micro fair value hedge type of operation that uses an interest rate swap (IRS) as a hedging instrument for Treasury bonds with maturity at 15/04/2022 and ISIN code IT0005086886. The interest rate risk is hedged for the entire duration of the security.

The derivative entails that the Bank receives, six-monthly and on the notional value of € 20,000,000 Euribor 6M+0.47% against payment of a fixed 1.35% interest rate.

IBOR Reform

Following the decision by the Financial Stability Board to substitute IBOR with “alternative interest rates”, the European Union introduced the EU 2016/1011 Benchmarks Regulation (BMR), published in 2016 and coming into effect as of January 2018, that defines precise rules for benchmark administrators, contributors and users to guaranty the transparency and representativity of indexes with respect to the markets of reference, therefore imposing that measurements be based, as far as possible on actual transactions.

Subsequent to the BMR, European institutions declared the following as critical elements:

- The EONIA rate which, starting 2 October 2019, is based on fixing the euro reference rate (identified by ECB as the alternative rate) and that will fall into disuse on 31 December 2021;
- The EURIBOR rate which was subjected to a methodology revision during 2019 (so-called hybrid method), that will guaranty meeting the requirements of the regulation;
- As regards the benchmark rates for other currencies, among the most important ones, the following were also revised: EURIBOR, USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR, JPY LIBOR, JPY TIBOR, EUROYEN TIBOR, CAD CDOR, etc.

The only hedging transaction at 31/12/2021 is a micro fair value hedge type of operation that uses an interest rate swap (IRS) as a hedging instrument for Treasury bonds with maturity at 15/04/2022 and ISIN code IT0005086886. The interest rate risk is hedged for the entire duration of the security.

For the derivative, the Bank receives on a six month basis and on the notional value of € 20,000,000 Euribor 6M+0.47% against the payment of a fixed 1.35% rate. The hedging derivative provides a good proxy of the measure of interest rate risk exposure that the Bank manages by means of the same hedges.

Please note that the hedge in question is not affected by the IBOR Reform in terms of the “uncertainty” of future cash flows with resulting difficulty in carrying out prospective solidity tests for the relations in question.

3.2.A.2 Hedging financial derivatives: positive and negative gross fair value– subdivided by product

<table>
<tr><th rowspan="4">Underlying assets / Type of derivatives</th><th colspan="4">Total at 31/12/2021</th><th colspan="4">Total at 31/12/2020</th></tr>
<tr><th colspan="3">Over the counter</th><th rowspan="3">Organised markets</th><th colspan="3">Over the counter</th><th rowspan="3">Organised markets</th></tr>
<tr><th rowspan="2">Central counterparties</th><th colspan="2">Without central counterparties</th><th rowspan="2">Central counterparties</th><th colspan="2">Without central counterparties</th></tr>
<tr><th>With netting agreements</th><th>Without netting agreements</th><th>With netting agreements</th><th>Without netting agreements</th></tr>
<tr><td>1. Positive fair value</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

Underlying assets / Type of derivatives	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	0	0	0	0	0	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Negative fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	141	0	0	0	419	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	0	0	0	0	0	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**141**	**0**	**0**	**0**	**419**	**0**	**0**

3.2.A.3 OTC hedging financial derivatives: notional values, positive and negative gross fair value, by counterparty

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other finance companies	Other parties
Contracts that are not a part of netting agreements				
1) Debt securities and interest rates				
- notional value	X	20,000	0	0
- positive fair value	X	0	0	0
- negative fair value	X	141	0	0
2) Capital securities and equity indexes				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
3) Currency and gold				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
4) Goods				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Other				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts part of netting agreements				
1) Debt securities and interest rates				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Currency and gold				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other finance companies	Other parties
4) Goods				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

3.2.A.4 Residual life of OTC hedging financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Beyond 1 and up to 5 years	Beyond 5 years	Total at 31/12/2021
A.1 Financial derivatives on debt securities and interest rates	20,000	0	0	**20,000**
A.2 Financial derivatives on capital securities and equity indexes	0	0	0	**0**
A.3 Financial derivatives on exchange rates and gold	0	0	0	**0**
A.4 Financial derivatives on other values	0	0	0	**0**
Total at 31/12/2021	**20,000**	**0**	**0**	**20,000**
Total at 31/12/2020	**0**	**20,000**	**0**	**20,000**

D. Hedged instruments

3.2.D.1 Hedging of fair value

Description	Specific hedging: book value	Specific hedging - net positions: book value of assets or liabilities (before netting)	Specific hedging			General hedges: book value
			Accumulated adjustments of fair value of the hedged instrument	Termination of hedging: accumulated residual adjustments of fair value	Variations of the value used to measure the inefficiency of the hedging	
A. Assets						
1. Financial assets measured at fair value with impact on total profits – hedging of:						
1.1 Debt securities and interest rates	20,163	20,163	-87	0	0	X
1.2 Capital securities and equity indexes	0	0	0	0	0	X
1.3 Currency and gold	0	0	0	0	0	X
1.4 Receivables	0	0	0	0	0	X
1.5 Other	0	0	0	0	0	X
2. Financial assets measured at amortised cost – hedging:	0	0	0	0	0	0
1.1 Debt securities and interest rates	0	0	0	0	0	X
1.2 Capital securities and equity indexes	0	0	0	0	0	X
1.3 Currency and gold	0	0	0	0	0	X
1.4 Receivables	0	0	0	0	0	X
1.5 Other	0	0	0	0	0	X
Total at 31/12/2021	**20,163**	**20,163**	**-87**	**0**	**0**	**0**
Total at 31/12/2020	**20,524**	**20,524**	**-362**	**0**	**0**	**0**
B. Liabilities	0	0	0	0	0	0
1. Financial liabilities valued at amortised cost – hedging of:	0	0	0	0	0	0
1.1 Debt securities and interest rates	0	0	0	0	0	0
1.2 Currency and gold	0	0	0	0	0	0
1.3 Other	0	0	0	0	0	0
Total at 31/12/2021	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31/12/2020	**0**	**0**	**0**	**0**	**0**	**0**

3.3 Other information on trading and hedging derivative instruments

A. Financial and credit derivatives

3.3.A.1 OTC financial derivatives and credits: net fair value by counterparties

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other finance companies	Other parties
A. Financial derivatives				
1) Debt securities and interest rates				

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other finance companies	Other parties
- notional value	0	60,000	0	0
- net positive fair value	0	67	0	0
- net negative fair value	0	141	0	0
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
3) Currency and gold				
- notional value	0	48,489	0	3,131
- net positive fair value	0	27	0	4
- net negative fair value	0	668	0	25
4) Goods				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
B. Credit derivatives				
1) Purchase hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
2) Sale hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0

Section 4 - Liquidity risk

A. General information, management processes and methods to measure Liquidity risk

Liquidity risk is managed principally by the Treasury and Own Portfolio Office, the Management Control Office and Risk Management, with the aim of verifying the Bank's capacity to efficiently face liquidity requirements and avoid situations of excessive and/or insufficient liquidity, with the consequent need to invest and/or find funds at unfavourable rates with respect to market rates.

The overall model implemented by the Bank to manage and monitor liquidity risk is divided into three separate sectors, according to the perimeter of reference, the time span and the frequency analysis:

- management of intraday liquidity, that is management of daily adjustment of liabilities and receivables on various settlement, payment and compensations systems in which the Bank participates;
- management of operating funds, that is the management of decidedly unstable events that impact the Bank's liquidity standing, principally with the objective of maintaining the Bank's capacity to meet ordinary and extraordinary payment obligations, in a cost-effective manner;
- management of structural liquidity, that is, management of all the bank portfolio events that impact the Bank's overall liquidity position on the medium-term, aiming primarily to maintain an appropriate balance between assets and liabilities on the medium and long-term.

Significant support for liquidity risk management is provided by the monitoring activities carried out by the Risk Management Office, based on a management model that measures the effect of investment/financing operations based on the distribution by transaction expiry. Operations are measured using Asset and Liability Management methods, which allow evaluating and assessing both Bank cash flow requirements/surplus generated by unbalances between cash inflow and cash outflow, and the structural balance deriving from the correct composition by maturity of cash sources and lending.

In line with domestic and International best practices and in compliance with vigilance provisions, the model adopted by the Bank to manage operating liquidity is based on the "Maturity Mismatch" approach, which presupposes the construction of a "maturity ladder" (a timeframe of maturity dates) and the allocation of sure and estimated flows over the various periods of the ladder, in order to calculate the cumulative gap for each maturity bracket.

Within the scope of its liquidity policy and in accordance with the tolerance threshold decided by the Board of Directors, the Bank has defined a series of alerts to manage both operating liquidity and structural liquidity.
As regards operating liquidity management, the limits are defined in terms of the absolute cumulative gap values on the various maturities.
The Bank continuously monitors the Counterbalancing Capacity (CBC) value, intended as the availability of assets that may be reimbursed, sold or used in refinancing transactions with the interbanking system and that therefore allow generating cash funds rapidly and efficiently.
The limit adopted by the Bank to monitor structural liquidity is instead defined in terms of the ratio between liabilities and assets with maturities in excess of one year. The aim of using this limit is that of guaranteeing a structural liquidity profile that is consistent with the strategy of financing medium/long-term assets with liabilities that have the same duration.
The Bank has also prepared and implemented a “Liquidity Risk Management and Governance Manual” and a “Contingency Liquidity Plan”, which are instruments used to mitigate liquidity risks.
The document details the persons and structures responsible for implementing extraordinary funding policies, as required, as well as any actions to be taken to remedy the extraordinary event situation, in compliance with the regulatory requirements provided for by vigilance regulations.
In the Contingency Liquidity Plan, the Bank has defined a series of risk indicators that are constantly monitored in order to anticipate possible stress or liquidity crisis situations.
The Bank has further implemented the Liquidity Coverage Ratio (LCR) indicator, in accordance with Commission Delegated Regulation (EU) n. 575 dated 26 June 2013 of the European Parliament (CRR Regulations), as well as the additional indications and recommendations of the European Banking Authority on this subject.
As regards the Net Stable Funding Ratio (NSFR), the Bank has implemented a management-type measurement, according to the provisions of the Basel 3 Framework.
During 2017, the Bank extinguished the old “Pontormo RMBS 2012” self-securitization transaction and set up a new self-securitization transactions called “Pontormo RMBS 2017”. This transaction was perfected with the intent of obtaining securities that could be lodged with the European Central Bank for refinancing operations. The operation was finalized with the sale of a portfolio of performing real estate mortgage loans by the Bank, and undersigning by the same Bank of the Senior and Junior Notes issued by the special purpose vehicle.
Starting from the reference date of 9 July 2019, and on a weekly basis, the Risk Management office will transmit a special template to the Supervisory Authority for the purpose of monitoring liquidity.
For the sake of completeness of the information provided, details are provided in the respective section.

Effects deriving from the Covid-19 pandemic

As a result of the effects of the Covid-19 pandemic, the Bank implemented a wide range of measures to strengthen its own liquidity profile and face the potential impact of the crisis generated by the resulting loan requests by bank customers and the volatility of the value of assets that could be liquidated following unfavourable market conditions; such measures involved both operational aspects (principally by increasing funding operations with the European Central Bank, from € 788 million at 31/12/2020 to € 1,068 billion at 31/12/2021, and by broadening potential collection sources to be used in case of need), and measurement and monitoring of the risk profile (principally by increasing the frequency of information flows). It did not become necessary to act on significant internal thresholds (risk appetite, risk limits and risk tolerance) regarding liquidity risk indicators, as, for the duration of the crisis, the Bank’s liquidity profile remained strong, on values greater than both the minimum values defined internally and the regulatory thresholds.

Quantitative information

A.1 Time period distribution by residual contract life of financial assets and liabilities - All currencies – part 1

Line items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 months	From over 1 month up to 3 months	From over 3 months up to 6 months
Cash assets						
A.1 Government bonds	472	0	335	0	518	23,778
A.2 Other debt securities	0	0	0	2,546	2,224	7,140
A.3 Shares of mutual funds	79,241	0	0	0	0	0
A.4 Loans	0	0	0	0	0	0
- Banks	0	0	0	0	20,000	19,000
- Customers	678,152	72,859	8,310	30,574	105,341	92,777
Cash liabilities						
B.1 Deposits and bank accounts	0	0	0	0	0	0

Line items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 months	From over 1 month up to 3 months	From over 3 months up to 6 months
- Banks	65,905	0	0	0	0	0
- Customers	2,868,538	1,777	4,201	6,768	25,044	32,000
B.2 Debt securities	89	0	0	0	7,533	1,356
B.3 Other liabilities	6,101	59,467	0	0	13,002	0
"Off balance sheet" transactions						
C.1 Financial derivatives with an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	3,869,209	2,297	13,616	25,919	5,822
- Short-term positions	0	3,869,300	2,300	13,856	26,245	5,826
C.2 Financial derivatives without an exchange of principal	0	0	0	0	0	0
- Long-term positions	67	0	0	0	0	6
- short-term positions	0	0	0	0	0	135
C.3 Deposits and loans to be received	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0
C.4 Irrevocable commitments to issue funds	0	0	0	0	0	0
- Long-term positions	7,574	0	5,155	270	720	3,893
- Short-term positions	38,507	0	0	0	0	0
C.5 Issued financial guarantees	1,150	6	174	116	506	1,590
C.6 Received financial guarantees	0	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0
C.8 Credit derivatives without an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0

A.1 Time period distribution by residual contract life of financial assets and liabilities - All currencies – part 2

Line items/Time brackets	From over 6 months through 1 year	From over 1 through 5 years	Beyond 5 years	Indefinite duration	Totals
Cash assets					
A.1 Government bonds	148,610	444,221	230,000	0	847,934
A.2 Other debt securities	7,478	14,627	4,841	0	38,856
A.3 Shares of mutual funds	0	0	0	0	79,241
A.4 Loans	0	0	0	0	0
- Banks	0	35,000	0	137,960	211,960
- Customers	183,884	1,150,507	1,063,572	0	3,385,978
Cash liabilities					
B.1 Deposits and bank accounts	0	0	0	0	0
- Banks	0	15,000	0	0	80,905
- Customers	36,242	181,743	0	0	3,156,311
B.2 Debt securities	2,865	115,531	13,998	0	141,372
B.3 Other liabilities	0	1,075,000	0	0	1,153,569
"Off balance sheet" transactions					
C.1 Financial derivatives with an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	3,916,863
- Short-term positions	0	0	0	0	3,917,528
C.2 Financial derivatives without an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	72
- short-term positions	0	0	0	0	135
C.3 Deposits and loans to be received	0	0	0	0	0
- Long-term positions	0	0	0	0	0
- Short-term positions	0	0	0	0	0
C.4 Irrevocable commitments to issue funds	0	0	0	0	0
- Long-term positions	3,663	7,477	9,569	0	38,322
- Short-term positions	0	0	0	0	38,507
C.5 Issued financial guarantees	3,879	34,428	29,114	0	70,962

Line items/Time brackets	From over 6 months through 1 year	From over 1 through 5 years	Beyond 5 years	Indefinite duration	Totals
C.6 Received financial guarantees	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	**0**
- Long-term positions	0	0	0	0	**0**
- Short-term positions	0	0	0	0	**0**
C.8 Credit derivatives without an exchange of principal	0	0	0	0	**0**
- Long-term positions	0	0	0	0	**0**
- Short-term positions	0	0	0	0	**0**

List of guarantees – Situation with Eurosystem at 31/12/2021

ISIN	Security	Nominal value	Book value	ECB Assessment	ECB Differences	Portfolio
IT0005086886	BTP 15.04.2022 1.35	22,000	22,180	21,114	-1,066	HTCS
XS1811053641	BANCO BPM 18-23 1.75% /PRO	3,100	3,137	2,613	-524	HTC
IT0005413171	BTP 01.12.2030 1.65%	75,000	82,678	72,068	-10,610	HTC
IT0005438004	BTP GREEN 30.04.2045 1.50%	30,000	30,079	25,541	-4,538	HTC
IT0005425761	BTP FUTURA 17.11.2020 STEP	75,000	76,232	68,288	-7,944	HTC
	COLLATERALISED RECEIVABLES C/O EUROSISTEMA	560,488	560,488	408,152	-152,336	HTC
	COLLATERALISED RECEIVABLES C/O EUROSISTEMA	41,715	41,715	30,376	-11,340	HTC
	COLLATERALISED RECEIVABLES C/O EUROSISTEMA	188,313	188,313	135,165	-53,148	HTC
IT0005315228	PONTORMO RMBS	162,825	162,825	149,287	-13,538	Off balance sheet
IT0005391245	PONTORMO RMBS NOTES A2-19 SUB	203,882	203,882	186,930	-16,951	Off balance sheet
	Totals	**1,362,323**	**1,371,529**	**1,099,533**	**-271,996**	
	Financing taken out c/o Eurosystem - Use	1,075,000		-1,068,694		
	Credit line			**30,838**		

List of deposits with Eurosystem at 31/12/2021

Amount	Description	Rate	Expiry
110,000	Deposit c/o ECB - TLTRO III 3rd auction	-0.50%	29/03/2023
110,000	Deposit c/o ECB - TLTRO III 4th auction	-0.50%	28/06/2023
150,000	Deposit c/o ECB - TLTRO III 5th auction	-0.50%	27/09/2023
100,000	Deposit c/o ECB - TLTRO III 6th auction	-0.50%	20/12/2023
70,000	Deposit c/o ECB - TLTRO III 7th auction	-0.50%	27/03/2024
100,000	Deposit c/o ECB - TLTRO III 8th auction	-0.50%	26/06/2024
320,000	Deposit c/o ECB - TLTRO III 9th auction	-0.50%	25/09/2024
115,000	Deposit c/o ECB - TLTRO III 10th auction	-0.50%	18/12/2024
1,075,000	**Total**	**-0.50%**	

List of guarantees – Situation with Cassa Compensazione e Garanzia and other parties at 31/12/2021

ISIN	Security	Nominal value	Book value
IT0005419848	BTP 01.02.2026 0.5%	12,712,000.00	12,887,143.13
IT0005185456	CCT 15.07.23	500,000.00	505,182.45
	Default Fund C.C.&G. – Direct	342,000.00	342,000.00
	Default Fund C.C.&G. – Indirect	20,318,000.00	20,318,000.00
	Totals	**33,872,000.00**	**34,052,325.58**

Section 5 – Operational Risks

Qualitative information

General information , management processes and methods to measure operational risks

Operational risk is defined as the possibility of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems, or from external factors. This risk is inherent to banking activity and therefore may be generated by and exist in all company processes. In general, the main sources of operational risk derive from internal fraud, external fraud, employment relationships and on the job safety, professional obligations towards customers, damage from external events, malfunctioning of information technology system and the execution, delivery and management of processes.

The Bank has defined a series of organisational processes aimed at monitoring and management operational risks, with the aid of the following specific organisational functions:

- Internal Audit, whose activities are aimed, on the one hand, at controlling the regularity of operations and risks trends, and on the other at assessing the overall efficiency of the internal controls system;

- The Control Body, pursuant to Italian Legislative Decree 231/2001, whose composition and functions are defined in specific regulations, within the scope of the organisation, management and control model adopted;
- the Risk Management office, which fulfils the requirement of indentifying and measuring the risks typical of the banking business through the constant monitoring of risks taken and of those potentially generated by investment, lending and service policies;
- the Compliance Office, with the role of monitoring and controlling observance of regulations, and providing support for prevention and management of the risk of incurring judicial or administrative sanctions and/or of incurring significant losses as a consequence of violation of external or internal regulations.

Furthermore, the following documents have been prepared and are constantly updated, to safeguard against the insurgence of operational risks:

- the "Operational Continuity Plan", aimed at protecting the Bank from critical events that may harm operations;
- mapping of the main operating processes (credit, finance and teller), with the aim of levelling operator behaviour thereby facilitating the integration of controls.

Particular attention was focused on information technology risks, which are, by definition, included among operational risks, by setting forth regulations and processes for the identification, assessment and limitation of events originating from, or that could originate from, malfunctioning information technology procedures and/or electronic equipment, such as, for example, network crashes, unavailability of internet banking, and imprecise applications for branch operations. Finally, within the scope of actions implemented in order to ensure full compliance with the new Bank of Italy regulations provided for in Circular 285, the Bank has undertaken important initiatives connected to completing transposition within organisational profiles and internal regulations of the references contained in Chapter IV – Corporate government, internal controls, management risks, Chapter 4 (information system) and 9 (business continuity) of the aforementioned new regulations. Within this scope, the Bank, acknowledging the importance of managing information technology risks as a tool to guaranty the efficacy and efficiency of measures aimed at safeguarding the Bank's own information technology systems, has defined, in accordance with the results of the project elaborated within the Cable network and in compliance regulatory principles and provisions currently in force, a method for the analysis of information technology risks and the relative management process that hinges on the Bank's broader risk management system. In order to calculate capital requirements for operational risks, the Bank has adopted the Basic Indicator Approach (BIA), which entails that capital hedging this type of risk is equal to 15% of the average of the "relevant indicator" over the previous three years, calculated in accordance with articles 315 and 316 of CRR regulations.
Capital absorption for this type of risk at 31 December 2021 was € 15,095,639.

Effects deriving from the Covid-19 pandemic
The effects of the Covid-19 pandemic on operational risks were many, especially in terms of IT security risks.
The various functional areas of the Organisational and IT Office were affected by the Covid-19 health emergency, starting from the first government measures, which entailed rationalising the available resources, living priority to "strategic" requests and projects.
Hence, the portfolio of projects was rationalised, defining the priorities to follow, especially in time of crisis.
In updating the portfolio projects, critical projects were identified, in order to be able to guaranty and support them, and new projects that could possibly support the business during the "emergency" stage, were also identified, in preparation of the "recovery" stage. Hence, based on this outlook, activities focused on reorganising connectivity, IT security and increasing and strengthening infrastructures in order to support new data traffic flows and increased remote operations.
On this matter, dedicated access procedures were set up, along with new and more appropriated off-site work instruments (cisco – webex).
In order to work in the best way possible, while waiting for a return to normality, possible vulnerabilities of the IT systems were assessed scrupulously, also considering the effects of exogenous elements (for example, lack of work force), setting up rigorous remote work and alternate on-site presence plans among the various "critical" resources identified in advance, also perfecting risk mitigation plans, indispensible to ensure operational continuity.
All remote connections were set up guarantying the best access control possible and using the most secure methods available.
The support provided to the network by the various areas of the Organisational and IT Office proved fundamental and allowed responding in an effective and efficacious manner to the crisis created by COVID-19.
Furthermore, the COVID 19 emergency kept a burning spot-light on all issues relating to operational continuity, forcing a change of perspective in terms of continuity evaluation.
Also in light of the recommendation expressed by Bank of Italy with the press release issued on 20/03/2020 "Extension of terms and other temporary measures to mitigate the impact of COVID-19 on the Italian banking and

financial system", in which "less significant" banks and other monitored intermediaries were asked to "review operational continuity plans", the Group's Organisational and IT Office set up a specific task force to implement the plan.
On 16 March 2020, the Business Continuity Plan was integrated and approved by the Board of Directors of the Parent Company with a specific section dedicated to "risk of pandemic", which provides for the event of a simultaneous unavailability of structures, critical suppliers and human resources and, consequently, the integration to the plan has better defined the priorities and chain of command to be followed.

Quantitative information

The amount of losses actually verified during the past two fiscal years is set forth below, classified according to the categories provided by regulatory provisions. Their amount, consequent also to the risk assessments conducted on the specific type of risk in review, is not significant; in any event there is specific documentation regarding events that resulted in losses.

Types of events resulting in loss **Categories of the event (level 1)**	**Definition**	**2021**	**2020**
1. Internal fraud	Losses due to unauthorized activities, fraud, embezzlement or violation of laws, regulations or company policy that involve at least one of the Bank's internal resources.	0	0
2. External fraud	Losses due to fraud, embezzlement or the violation of laws by parties not employed by the Bank.	570,418	587,417
3. Employment and workplace safety	Losses deriving from acts that violate laws or agreements with respect to employment or workplace health or safety, from the payment of damages for personal injuries or episodes of discrimination or the failure to apply equal treatment.	0	0
4. Customers, products and professional practice	Losses due to breaches of professional obligations to customers or from the nature or characteristics of the product or service supplied.	183,970	46,669
5. Damage to property, plants and equipment	Losses deriving from external events, such as natural catastrophes, terrorism, or acts of vandalism.	0	0
6. Interruptions of operations and system malfunctions	Losses due to interruptions of operations, to malfunctions or the unavailability of systems.	0	120
7. Performance, delivery and management procedures	Losses due to the failure to complete operations or manage procedures, as well as losses due to relations with commercial counterparties, sellers or suppliers.	37,451	12,757
TOTAL		**791,839**	**646,964**

Public disclosure of information

Information regarding capital adequacy, risk exposure and the characteristics of the systems set up to identify, measure and manage the aforementioned risks, as required by the "Supervisory Instructions for Banks" (Circular n. 285 of 17 December 2013), under Title III "Public Disclosure", is published on the Bank's web site, at the URL address: www.bancacambiano.it.

PART F – Information on capital

Section 1- Il Shareholders' equity

A. Qualitative information

The Board of Directors is responsible for managing corporate equity and defining the optimal volume of share capital based on corporate policies and strategic choices. In accordance with the strategic guidelines for development, the Bank has adopted all the measures necessary to ensure current and prospective capital adequacy, in consideration of current Bank of Italy regulations, the new Basel 3 regulatory framework, on the basis of which own funds are defined, and the targets required by the Supervisory Authority. As of 2019, Banca Cambiano has a Capital Management Plan that is systematically monitored by the Risk Management Office, which monitors current and prospective capital adequacy. Compliance with supervisory requirements is verified on at least a quarterly basis, and additional, specific assessments may be carried out as needed, for preventive evaluation of capital adequacy in view of extraordinary transactions.

The minimum external regulatory capital requirements that the Bank uses as reference are composed of the minimum parameters set out in article 92 of the CRR, the decisions regarding capital issued by Bank of Italy at the end of the periodical SREP prudential review process and by the combined capital reserve (capital conservation requirement. CCoB and anti-cyclical capital reserve-CCyB) requirement that is currently applicable.

In consideration of the above, and of the fact that the CCyB is set at 0%, Banca Cambiano is required to comply with the following requirements:

- Cet1 ratio equal to 7.70% composed of the Total SREP Capital Requirement binding measures 5.20% (of which 4.5% pursuant to art. 92 CRR) and the Capital Conservation reserve 2.5)
- Tier 1 ratio equal to 9.40% composed of the Total SREP Capital Requirement binding measures 6.90% (of which 6% pursuant to art. 92 CRR) and the Capital Conservation reserve 2.5%%;
- Total Capital ratio equal to 11.75% composed of the Total SREP Capital Requirement binding measures 9.25% (of which 8% pursuant to art. 92 CRR) and the Capital Conservation reserve 2.5%.

To ensure that the above binding measures are met even in the event of deterioration of the economic and financial context, the Target component (Pillar 2 Guidance, P2G) identified in the event of a greater risk in stress conditions amounts to 0.50%.

The value of own funds, that at 31/12/2021 amounts to 11.33% of CET1, 12.69% of Tier1 14.93% of Total Capital, is fully compliant on all three levels of binding capital and the capital conservation reserve is hedged by Tier 1 capital.

The value of own funds so-called "fully loaded", at 31/12/2021, not considering therefore the IFRS9 transitory regimen in effect until the 2023 fiscal year, the dynamic regime in effect until 2025, and the sterilisation of the reserve on government bonds in effect until 2022, amounts to 9.02% of CET1, 10.41% of Tier1 and 12.70% of Total Capital.

Current and prospective capital adequacy management is executed not only by assessing and monitoring regulatory capital against Pillar I risks, but also by assessing internal capital capable of guarding against any type or risk (so-called Pillar II risks) within the scope of the ICAAP -Internal Capital Adequacy Assessment Process that culminates in the preparation of the annual group-level report and that constitutes the basis for the subsequent review and prudential assessment (SREP) by the Supervisory Authority.

The Bank's shareholders' equity is determined by the sum of share capital, premium share reserve, reserves from gains, valuation reserves, capital instruments and profit for the fiscal year, in the amount destined to reserve, as specified in Part B of this Section.

B. Quantitative information

B.1 Shareholders' equity: breakdown

Line items\Values	Amount at 31/12/2021	Amount at 31/12/2020
1. Share capital	232,800	232,800
2. Premiums on the issue of new shares	803	803
3. Reserves	-50,311	-53,795
- earnings	-50,311	-53,795
a) legal	1,465	1,060

Line items\Values	Amount at 31/12/2021	Amount at 31/12/2020
b) statutory	0	0
c) treasury shares	0	0
d) other	-51,776	-54,855
- other	0	0
4. Capital instruments	27,000	10,000
5. (Treasury shares)	0	0
6. Valuation reserves	-1,161	584
-Capital securities measured at fair value with impact on total profits	-85	-1,639
- Hedges on capital securities measured at fair value with impact on total profits	0	0
- Financial assets (other than capital securities) measured at fair value with impact on total profits	-2,074	95
- Property, plants and equipment	0	0
- Intangible assets	0	0
- Hedging of foreign investments	0	0
- Hedging of cash flows	0	0
- Exchange rate differences	0	0
- Non current assets in course of divestment	0	0
- Financial liabilities measured at fair value with recognition of income through profit and loss (variations to own creditworthiness)	0	0
- Actuarial profit (loss) related to defined benefit plants	-1,036	-1,171
- Shares of valuation reserves related to subsidiaries measured at shareholders' equity	2,035	3,298
- Special revaluation laws	0	0
7. Profit (loss) for the fiscal year	8,100	8,100
Total	**217,232**	**198,492**

B.2 Valuation reserves of financial assets measured at fair value with impact on total profits: breakdown

Assets/Values	Total at 31/12/2021		Total at 31/12/2020	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	148	2,222	411	315
2. Capital securities	72	158	82	1,721
3. Loans	0	0	0	0
Total	**220**	**2,380**	**493**	**2,036**

B.3 Valuation reserves of financial assets measured at fair value with impact on total profits: annual variations

Line items	Debt securities	Capital securities	Loans
1. Initial value	**95**	**-1,639**	**0**
2. Additions	**2,167**	**1,652**	**0**
2.1 Increases of fair value	704	1	0
2.2 Value adjustments due to impairment	114	0	0
2.3 Reversal to income statement of negative reserves from use	1,349	0	0
2.4 Transfers to other components of shareholders' equity (capital securities)	0	1,650	0
2.5 Other variations	0	0	0
3. Reductions	**4,336**	**98**	**0**
3.1 Reductions of fair value	3,822	98	0
3.2 Write-backs of value due to impairment	97	0	0
3.3 Reversal to income statement from positive reserves: from use	417	X	0
3.4 Transfers to other components of shareholders' equity (capital securities)	0	0	0
3.5 Other variations	0	0	0

Line items	Debt securities	Capital securities	Loans
4. Final values	**-2,074**	**-85**	**0**

Section 2 – Own funds and capital adequacy ratios

As provided for in the 6th Update of Circular 262 "Banking financial statements: schedules and regulations for preparation", please consult the contents of the public disclosure information ("Third Pillar"), provided at a consolidated Gruppo Bancario Cambiano level.

PART G – Merger transactions regarding businesses or company branches

Section 1 - Transactions during the fiscal year

As mentioned in both Part A of these Explanatory Notes, and in the report on management, the merger by incorporation of Invest Bank S.p.A. in extraordinary administration into Banca Cambiano 1884 S.p.A. was completed during the fiscal year in review.

With provision issued on 26 August 2020, Bank of Italy decreed the dissolution of the administrative and supervisory bodies of Invest Banca S.p.A., and subjected the same to the extraordinary administration procedure, pursuant to articles 70 comma 1, of the Consolidated Act regarding banking and credit laws. This provision was taken based on the results of the audit carried out by the Supervisory Body, which proved progressively unfavourable, and subsequently lead to the provision to initiate the extraordinary administration procedure, following serious shortcomings during the first months of the 2020 fiscal year, related to derivative transactions. Specifically, during the first quarter of 2020, the Bank recorded heavy losses related to the derivative transactions of some customers, due to the serious drops in stock markets caused by the pandemic, and the failure to have automatic stop loss limits in place, to limit the bank's exposure with respect to the aforementioned customers. Due to said losses, and with the aim of re-establishing the required capital adequacy for the business continuity of banking operations, between March and April 2020, payments were made into a future share capital increase account, in the amount of € 13.5 mln by the shareholders:

a) Cabel Holding (€ 7 mln),
b) Banca Frusinate (€ 1.5 mln),
c) Banca Cambiano (€ 1.5 mln) and
d) By the non shareholders Gruppo Gardena (€ 3.5 mln), for the purpose of providing continuity to their segment of business through Invest Banca and with the view to become a shareholder in Invest Banca.

Due to the erosion of said amounts, as a result of management issues, the account required a further integration of an additional € 7 mln on account of future capital share increase, paid by Banca Cambiano, in July 2021, and Euro 4 mln in September 2021, to allow maintaining the regulatory parameters for the continuity of the banking activities of the same Invest Banca, in the optics of completing the merger by incorporation of the latter by Banca Cambiano.

The merger transaction with Invest Banca is part of a broader project for the evolution of Banca Cambiano, and is founded in objective strategic rationales, among which the primary ones are:

- To internalise the product portfolio of Invest Banca related to assets management and investment services. Within this scope, it bears noting that, through this merger operation, Banca Cambiano intends to create a specialised unit with technical-financial competencies dedicated to offering asset management and trading services, as well as specific access to financial markets, consistently with the internalisation of the structure, the know-how and the expertise developed by Invest Banca;
- Greater degree of penetration of Banca Cambiano customers, by increasing the offer of asset management products, integrating the private banking division of IB focused on managing customers in the medium-high range of "assets" under management;
- Creation of industrial synergy, through the possibility of offering access to market platforms to third parties, such as SIM, SGR and other counterparties and institutional investors, with whom Cambiano has developed solid collaborative relations over the years;
- Possibility of dedicating redundant central structural resources, following the merger, to commercial development activities, in order to increase of quality of consultancy and customer support services;
- Possible synergy deriving from the use of Invest Banca resources to meet turnover requirements, also in view of the natural exit of Banca Cambiano employees, without the need for new employment. The merger will also permit safeguarding the value and competencies of all the professional figures across the territory, maintaining a "decentralised" main office structure in Empoli, for investment and asset management services in favour of the Group.

The transaction in question was authorised by Bank of Italy, pursuant to article 57, first comma of the Consolidated Banking Act, with resolution n. 498/2021 of the Governor of Bank of Italy, dated 14 September 2021. On 26 October 2021, the Extraordinary Shareholders' Meetings of Invest Banca S.p.A. under extraordinary administration, and of Banca Cambiano 1884 S.p.A. approved the merger by incorporation of the company Invest Banca Società per Azioni – under Extraordinary Administration, with Banca Cambiano 1884 S.p.A., in the following manner:

a) Cancellation of all the shares of the company being merged without replacement, in that, following the determination of an exchange ratio equal to zero, there will be no increase of the share capital of the merging company;
b) Effective date of the merger vis-à-vis third parties, as of the date of the last entry pursuant to article 2504-bis, comma 2, of the Italian Civil Code;

c) Accounting and fiscal effects of the transactions of the merged company into the financial statements of the merging company, also pursuant to article 2504–bis, comma 3, of the Italian Civil Code, as of 1 November 2021.

Specifically, on 20 January 2022, Bank of Italy published the provision declaring that: "*The extraordinary administration procedure of Invest Banca S.p.A., with head offices in Empoli (FI), ordered by Provision n. 1099067 of 26 August 2020, and extended by Provision n. 1209091 of 20 August 2021, was concluded on 27 November 2021, that is, the date on which the merger into Banca Cambiano S.p.A. becomes legally effective, as provided for in the deed of merger (registered on 19.11.2021). The same act also establishes that the accounting and tax effects of the operation will begin as of 1 November 2021*".
It bears underlining that on 27 November 2021, the merger by incorporation of Invest Banca S.p.A. under Extraordinary Administration into Banca Cambiano 1884 S.p.A. came into full effect. Specifically, the Extraordinary Administration procedure terminated on 27 November 2021; by virtue of the provisions of the deed of merger, perfected on 18 November 2021, and specifically of article 2 letter d) of said act, the accounting and fiscal effects of the transaction begin as of 1 November 2021. Therefore, in light of said provision, the accounting entry of the acquired assets and liabilities of the incorporated party (Invest Banca in E.A.) at the fair value measured at the date of acquisition, in application of the IFRS3 accounting standard, was made on 1 November 2021. Consequently, the operations and the respective economic effects, of a very limited scope, from 1 November 2021 and up to 27 November 2021, were reflected in the Bank's financial statements.
The differences that emerged between the balance sheet value of Invest Banca and the fair value were recognised under Line item 220 "Other operating income". An external sector expert was tasked with conducting a specific estimation assessment, to support the company valuation performed for the booking in the financial statements of the values of the incorporated company.

The merger was conducted in full compliance with the provisions of Italian Legislative Decree n. 385 of 1 September 1993 (Consolidated Text of banking and credit laws), of the Italian Civil Code, of regulations issued by Bank of Italy, and of all other applicable current provisions and regulations. On a procedural level, the project for the merger by incorporation of Invest Banca S.p.A. under Extraordinary Administration into Banca Cambiano 1884 S.p.A., was approved: (i) through a resolution of the Board of Directors of Banca Cambiano, and (ii) through a determination by the Extraordinary Commissioners of Invest Banca on 6 August 2021.

Booking of the merger transaction according to the acquisition accounting method provided for by IFRS 3
The IFRS 3 international accounting standard, applied in the merger by incorporation of Invest Banca S.p.A. under E.A., requires that every company merger must be booked applying the acquisition accounting method. The standard allows for the faculty of a temporary allocation for 12 months from the acquisition, of which the Bank has availed itself. On the basis of this method, at the date of purchase, the purchaser must:
- Identify the purchaser and the date of purchase;
- determine the cost of the purchase;
- allocate the cost of the purchase (so-called "Purchase Price Allocation", hereinafter "PPA"), recognising the assets, the liabilities, and the potential liabilities considered identifiable, of the purchased company at the respective fair values as at the date of purchase of the same, with the exception of non current assets (or groups of assets in the course of divestment) classified as owned for sale, as per IFRS 5. Furthermore, any intangible assets, even if not yet booked by the purchased party, must also be booked. Any cost surplus of the merger not allocated to acquired assets and liabilities items must be booked as goodwill ("goodwill"); to the contrary, the negative difference, deriving from the booking of the merger at favourable prices, is recognised in the income statement as negative goodwill ("badwill").

Identification of the purchaser and of the date of purchase and determination of the cost of purchase
In the transaction carried out, the purchaser is Banca Cambiano 1884 S.p.A., as the merging company. It bears underlining that, on 27 November 2021, the merger by incorporation Invest Banca S.p.A. under E.A. into Banca Cambiano 1884 S.p.A came into full effect. Specifically, the Extraordinary Administration procedure terminated on 27 November 2021; pursuant to the provisions of the deed of merger, perfected on 18 November 2021, and specifically of article 2 letter d) of the same, the accounting and fiscal effects of the transactions are effective as of 1 November 2021. Therefore, pursuant to said provision, the assets and liabilities of the incorporated party (Invest Banca under E.A.) acquired by the merging company, were booked at the fair value measurable at the date of purchase, in application of the IFRS3 accounting standard, starting 1 November 2021. Consequently, the operations and the respective economic effects, of a very limited amount, from 1 November 2021 and up to 27 November 2021, were reflected in the Bank's financial statements.

The fair value of purchased assets and liabilities

Paragraph 18 of IFRS 3 requires that the merging company (Banca Cambiano) book the assets and liabilities of the merged company (Invest Banca) at the fair value measureable at the date of purchase.
For this purpose, an external expert was designated to provide the Board of Directors of Banca di Cambiano 1884 S.p.A. with reference and support data regarding the accounting registration of the assets and liabilities of Invest Banca S.p.A., as the party purchased by incorporation, in compliance with IFRS 3.
The reference values at the date of purchase were taken from the financial statements relating to the extraordinary administration fiscal period of Invest Banca S.p.A. under E.A., referring to the period from 1 January 2020 to 31 October 2021.
The above being stated, the criteria used by the accounting purchaser Banca Cambiano, pursuant to IFRS3, to determine the fair value of the items present in the financial statements of the fiscal year under extraordinary administration of the bank purchased on 1 November 2021, are illustrated here below as follows:

20b) Receivables from customers
This line item, equal to 1,256 million euro, is composed principally of loans represented almost entirely by performing loans other than medium/long term loans. Therefore, the respective purchase value was considered representative of fair value, according to IFRS 3, considering their residual life and the interest rates that were prevalently floating tied to market parameters.

Assets line item 70– Equity investments
The following equity investments were booked in the financial statements of Invest Banca at 31/10/2021:
- Invest Italy Sim Spa;
- Gardena Capital Ltd;
- Cabel IP S.p.A.

For the assessment of said equity investments at the date of the merger, Invest Banca had already used the evaluation made by the external company designated by the professional accountant assigned by Banca Cambiano 1884 during the determination of the fair value of assets and liabilities acquired through the merger, consequently writing back the same equity investments.
The value booked in the financial statements of Invest Banca at 31/10/2021 therefore already represented the fair value of the equity investments purchased, equal to 875 thousand euro.

Asset line item 80 - Property, plants and equipment
At the date of the merger, Invest Banca owned a building property in Rome, booked in the financial statements at a net value of 1,051 thousand euro. In order to properly assess this property at the market value, a specific expertise was prepared by a sector professional, which rendered a value of 1,673 thousand euro, which it was deemed appropriately represented the fair value as at the date of purchase. The above estimation determined an increase in value of 622 thousand euro.
For the remaining property booked under this line item (telephone systems, and alarm systems), the net accounting value as booked in the financial statements of the merged company was deemed adequately representative of the fair value, for the purpose of application of IFRS 3.

Assets line item 100 - Tax receivables
Line item 100 – Tax receivables in the financial statements of the merged company included pre-paid taxes relative to tax losses accrued as at 31.12.2019, the last taxation period closed prior to the initiation of the extraordinary administration period, in the amount of 1.7 million euro. Said amount was consistent with the amount of tax losses recorded in the Modello Unico 2020 (Income tax return), for the 2019 taxation period. Provided that use of this asset could extinguish itself even within the 12 month period (in case of taxable profit), the amount booked in the financial statements represented a reasonable approximation of the fair value for the purpose of IFRS 3.
The Bank applied the provision under comma 233 of article 1 of law n. 178/2020, which allows that "in case of company aggregation transactions by merger, splitting or transfer of a company, if the project has been approved by the competent administrative body of the participating companies, for mergers and splits, or if the operation has been decided by the competent administrative body of the transferor, for transfers, between 1 January 2021 and 31 December 2021, respectively, the subject resulting from the merger or merging company, the beneficiary, and the transferee, are permitted to transform assets for pre-paid taxes referred, among others, to tax losses accrued up to the taxation period prior to that underway at the effective date of the transaction, and not yet calculated in reduction of taxable income, as per article 84 of the consolidated act on income tax, provided for by Decree of the President of the Republic n. 917 of 22 December 1986, n. 917, into tax receivables, in the manner provided for under comma 234. Said faculty, regarding the transformation into tax receivables of assets due to pre-paid taxes (DTA) referred to tax losses and ACE surplus, is independent of the booking of the same in the balance sheet. Based on this regulation, the Bank, referring to the Invest Banca accounting situation as at 30 June 2021, which showed IRES tax losses the

additional IRES quota as per article 84, comma 1, of the TUIR (consolidated act on income tax), for a total of 24.27 million euro, recognised under PPA the pre-paid taxes on the aforementioned losses accrued during the taxation period preceding the effective date of the merger transaction, for an amount of 6.67 million euro, recognised in accordance with comma 233 of article 1 of law n. 178/2020. As previously mentioned, the legislation provides that, in case of company merger transactions, the subject resulting from the merger can – on payment of a fee - transform assets due to pre-paid taxes into tax receivables, as determined above. Also, 30 November 2021, the 1st instalment of the fee in question was paid, for 25% of the booked pre-paid taxes, equal to 1.7 million euro.
It bears specifying that use of previous tax losses and ACE surpluses, relative to companies involved in the merger, is subordinate to abiding by the limitations set forth in article 172, comma 7, of the TUIR. That is, the companies participating in the operation must jointly comply with:
(i) the so-called "shareholders' equity limit", that constitutes the maximum limit for the sum of reportable fiscal attributes, reduced by the amount of capitalisation (contributions and payments) in place in the previous 24 months.
(ii) the so-called "vitality test", based on which, revenues and profit from typical business, and expenses from subordinate employment, resulting from the income statement of the taxation period previous to the merger, must be greater than 40% of the amount resulting from the average of the two previous fiscal periods.
As regards Invest Banca, the vitality test has been passed, while the shareholders' equity test has not been passed. For this purpose, the Bank, with the aid of its taxation consultant, filed appeal application n. 956-3066/2021 on 15.10.2021, requesting that the Revenue Agency not apply the limitations provided for by article 172, comma 7 of the TUIR, regarding the carrying forward of previous tax losses and surpluses of interest expenses and of the ACE benefit, within the scope of a merger by incorporation as per articles 2501-ter and following of the Italian Civil Code, between Banca Cambiano 1884 S.p.A. and Invest Banca S.p.A. under extraordinary administration.
On 14 February 2022, the Revenue Agency requested additional documentation, suspending the assessment of the appeal submitted by the Bank. On this matter, as concerns the aforementioned appeal application and the subsequent request for additional information put forth by the Revenue Agency, the interpretative solution advanced by the Bank, regarding the carrying forward of tax losses deriving from the management of ex Invest Banca, now incorporated into Banca Cambiano 1884 spa, is founded on the basis of the reference regulations and common interpretative practice.
Presenting an appeal for the purpose of carrying forward losses in the event of merger is obligatory, as per article 172 comma 7 of the TUIR, when the conditions provided for by the same regulation, as regards both return on equity (met in the case in point), and capitalisation indexes (not met in the case in point) are not met. The request for additional information put forth by the Revenue Agency does not modify the assumptions that have been formulated, as it is believed that the request is aimed, as per procedure, at obtaining further information that the Agency itself deems necessary for the purpose of the outcome of the appeal.

Liabilities line item 100 – Risk and expenses funds c) Other risk and expenses funds
At the date of the merger, this line item included the following amounts:
- 3.6 million euro for pending litigation (quantified based on the provisions of IAS 37);
- 84 thousand euro for end-of-term indemnification for financial consultants.

The application of the IFRS3 accounting standard to risk and expenses funds entails booking liabilities deriving from not only a "probable" but also a "possible" adverse outcome in a pending litigation. From an analysis of the company facts, the merging Bank identified, within the scope of some pending cases of the merged Bank, potential liabilities defined with a possible risk of adverse outcome, as indicated by IAS 37, and with regards to which a specific legal expertise was requested and obtained. Consequently, as required by the IFRS3 international accounting standard, the merging Bank increased the Risk and Expenses Funds by an amount equal to 1.5 million euro overall.
As regards other types of assets and liabilities (among which "Cash and cash equivalents", "Financial assets measured at fair value with impact on profit and loss account", "Receivables from banks", Tax assets and liabilities", "Other assets and liabilities"), it was not necessary to book variations of value with respect to the accounting entries at the close of the fiscal year, as the values in question were deemed representative of the fair value at the date of purchase.

A detail of the net value of acquired assets and liabilities, as determined above, is illustrated in the additional table below.

INVEST BANCA ASSETS AND LIABILITIES

	Assets line items	31/10/2021	Fair value attributed during the purchasing stage	Merger difference
10.	Cash and cash equivalents	31,957	31,957	0
20.	Financial assets measured at fair value with impact on profit and loss account	32,874,407	32,874,407	0

	Assets line items	31/10/2021	Fair value attributed during the purchasing stage	Merger difference
	a) financial assets held for trading	18,043,421	18,043,421	0
	b) financial assets measured at fair value			0
	c) other financial assets obligatorily measured at fair value	14,830,985	14,830,985	0
30.	Financial assets measured at fair value with impact on total profits			0
40.	Financial assets measured at amortised cost	1,319,382,217	1,319,382,217	0
	a) receivables from banks	63,283,572	63,283,572	0
	b) receivables from customers	1,256,098,645	1,256,098,645	0
50.	Hedging derivatives			0
60.	Adjustments of value of generic hedges for financial assets(+/-)			0
70.	Equity investments	875,089	875,089	0
80.	Property, plants and equipment	2,119,733	2,741,871.94	622,139
90.	Intangible assets			0
	of which:			0
	- goodwill			0
100.	Tax receivables	1,719,555	8,392,605	6,673,050
	a) current	50,170	50,170	0
	b) pre-paid	1,669,385	8,342,435	6,673,050
110.	Non-current assets and groups of assets in the course of divestment			0
120.	Other assets	7,612,946	7,612,946	0
	Total assets	**1,364,615,903**	**1,371,911,093**	**7,295,189**

	Liabilities line items	31/10/2021	Fair value attributed during the purchasing stage	Merger difference
10.	Financial liabilities valued at amortised cost	1,349,069,701	1,349,069,701	0
	a) payables to banks	61,729,505	61,729,505	0
	b) payables to customers	1,281,783,074	1,281,783,074	0
	c) outstanding securities	5,557,121	5,557,121	0
20.	Financial liabilities from trading			0
30.	Financial liabilities measured at fair value			0
40.	Hedging derivatives			0
50.	Adjustments of value of generic hedges for financial liabilities(+/-)			0
60.	Tax liabilities			0
	a) current			0
	b) deferred			0
70.	Liabilities associated to assets in the course of divestment			0
80.	Other liabilities	4,285,958	4,285,958	0
90.	Employee severance pay	158,831	158,831	0
100.	Risk and expense funds:	3,639,718	5,143,476	1,503,758
	a) commitments and issued guarantees			0
	b) pensions and similar commitments			0
	c) altri risk and expense funds	3,639,718	5,143,476	1,503,758
	Total liabilities	**1,357,154,208**	**1,358,657,966**	**1,503,758**
	Net value of purchased assets and liabilities	**7,461,695**	**13,253,126**	**5,791,431**

Subsequent to the valuation of fair value and recognition of pre-paid taxes, the net value of purchased assets and liabilities changes to 13.253 million euro, of which, once deducted the payment on capital account of 11 million euro made by the Bank after 30 June 2021, results in an overall badwill of 2.253 million euro, booked in line item 220 "Other operating income", as shown in the table below.

Determination of badwill:	
Payment on capital account	-11,000

Value of net assets purchased from Invest at 01/11/2021 (prior to determination of fair value)	7,462
Value of net assets purchased from Invest at 01/11/2021 (adjustment of fair value)	5,791
Badwill	**2,253**

Section 2 – Transactions after the close of the fiscal year

There are no adjustments to report, recognised during the current fiscal year, related to company aggregations during previous fiscal years.

Section 3 – Retrospective adjustments

There are no adjustments to report, recognised during the current fiscal year, related to company aggregations during previous fiscal years.

PART H – Transactions with related parties

Introduction

At 31 December 2021, the Bank is the Parent Company of the Gruppo Bancario Cambiano banking group, composed of:

- Cabel Leasing S.p.a.
- Società Immobiliare 1884 S.r.l.
- Invest Italy SIM S.p.A.

The types of related parties, as defined by IAS 24, that are significant to the Bank, include:
• the controlling company;
• the subsidiaries;
• executives having strategic responsibilities;
• close relations of executives having strategic responsibilities or companies controlled by (or associated to) the same or by (to) close relatives.

The information regarding compensation for executives having strategic responsibilities and that regarding transactions with related parties are provided here following.

1. Information on compensation for executives having strategic responsibilities

The definition of executives having strategic responsibilities, according to IAS 24, includes those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including the Bank directors.
In conformity with the provisions of Bank of Italy Circular n. 262 of 22 December 2005 (7th update of 29 October 2021) the members of the Board of Statutory Auditors are also included among executives having strategic responsibilities.
The table below shows the compensation in 2021, for directors, statutory auditors and executives having strategic responsibilities.

1. Information regarding compensation for executives having strategic responsibility (gross amounts)

Line items	31/12/2021	31/12/2020	Variation	Variation %
a) Compensation for directors	385	346	38	11.03%
b) Compensation for statutory auditors	236	194	42	21.38%
c) Compensation for executives	1,194	1,154	41	3.52%
Total	**1,814**	**1,694**	**120**	**7.10%**

2. Information on transactions with related parties

Directors	31/12/2021	31/12/2020	Variation	Variation %
a) Receivables	8,689	6,660	2,029	30.46%
b) Issued guarantees	1,200	236	964	408.13%
Total	**9,890**	**6,897**	**2,993**	**43.40%**

Statutory auditors	31/12/2021	31/12/2020	Variation	Variation %
a) Receivables	83	87	-5	-5.50%
b) Issued guarantees	0	0	0	
Total	**83**	**87**	**-5**	**-5.50%**

Information on transactions with related parties

The schedule below shows the assets, liabilities, guarantees and commitments as at 31 December 2021, subdivided by the various types of related party, in accordance with IAS 24.

Balance sheet line items	Parent company	Subsidiaries	Directors	Auditors	Managers with strategic responsibility	Other related parties	Total	% on balance sheet

Balance sheet line items	Parent company	Subsidiaries	Directors	Auditors	Managers with strategic responsibility	Other related parties	Total	% on balance sheet
Line item 40 - Financial assets measured at amortised cost - a) receivables from banks	0	0	0	0	0	0	0	0.00%
Line item 40 - Financial assets measured at amortised cost - b) receivables from customers	8,909	191,211	7,665	82	84	5,805	213,756	5.92%
Line item 120 - Other assets	0	0	0	0	0	0	0	0.00%
Total assets	**8,909**	**191,211**	**7,665**	**82**	**84**	**5,805**	**213,756**	**4.39%**
Line item 10 - Financial liabilities valued at amortised cost - a) payables to banks	0	0	0	0	0	0	0	0.00%
Line item 10 - Financial liabilities valued at amortised cost -b) payables to customers	0	916	13,088	0	2,380	3,525	19,909	0.61%
Line item 50 - Other liabilities	0	0	0	0	0	0	0	0.00%
Total liabilities	**0**	**916**	**13,088**	**0**	**2,380**	**3,525**	**19,909**	**0.41%**
Issued guarantees	**0**	**2,045**	**194**	**0**	**10**	**5,114**	**7,362**	

As regards transactions with parties that exercise administrative, management and control functions vis-à-vis the Bank, article 136 of Legislative Decree 385/1993 and article 2391 of the Italian Civil Code apply.
More in general, as regards transactions with related parties, as defined by IAS 24, the provisions for prudential supervision contained in Title V, chapter 5 of the Bank of Italy Circular n. 263/2006 ("Risk activities and conflicts of interest with related parties"), also apply, save for a few cases due to the imperfect coincidence between the fields of application of the two regulations.
Transactions with related parties are regularly carried out at market conditions and always on the basis of evaluations of economic convenience and in compliance with current regulations, appropriately explanation of the convenience in concluding the transaction.
Among the various valid intergroup contracts existing at the close of the fiscal year, please note:

1) The convention stipulated between the Bank and the Controlling company relating to the execution by the Bank of administration and supervisory activities;
2) Contracts relative to execution by the Parent Company of Anti-Money Laundering, inquiry and risk management activities for subsidiaries;
3) Financing contracts:
    a) Financing for cash flow flexibility related to the financial needs of the parent company amounting to 20 million euro, granted in the technical form of opening credit in bank accounts, at a 1% rate,
    b) Financing for cash flow flexibility related to the financial needs of Cabel Leasing amounting to 198 million euro, granted in the technical form of opening credit in bank accounts, at a 1% rate.

Annexes

Schedules to the Financial Statements of Cabel Leasing S.p.A.

SCHEDULES TO THE FINANCIAL STATEMENTS – FINANCIAL INTERMEDIARIES

BALANCE SHEET

	Asset line items	2021	2020
10.	Cash and cash equivalents	18,049	9,226
20.	Financial assets measured at fair value with recognition of income effects through profit and loss		
	a) financial assets held for trading		
	b) financial assets measured at fair value		
	c) other financial assets obligatorily measured at fair value		
30.	Financial assets measured at fair value with impact on total profits	18,402	18,402
40.	Financial assets measured at amortised cost	256,799,902	222,459,608
	a) receivables from banks	*81,649*	*545,544*
	b) receivables from financial companies	*1,295,970*	*1,327,369*
	c) receivables from customers	*255,422,283*	*220,586,695*
50.	Hedges		
60.	Adjustments of value of generic hedges for financial assets(+/-)		
70.	Equity investments		
80.	Property, plants and equipment	4,338,069	4,381,848
90.	Intangible assets	125,000	
	of which:		
	- goodwill		
100.	Tax receivables	5,606,843	4,163,493
	a) current	*5,570,093*	*4,135,107*
	b) pre-paid	*36,750*	*28,387*
110.	Non-current assets and groups of assets in the course of divestment		
120.	Other assets	1,826,293	583,703
	Total assets	**268,732,558**	**231,616,279**

	Liabilities and shareholders' equity	2021	2020
10.	Financial liabilities valued at amortised cost	235,521,968	203,274,026
	a) payables	*235,521,968*	*203,274,026*
	b) outstanding securities		
20.	Financial liabilities from trading		
30.	Financial liabilities measured at fair value		
40.	Hedges		
50.	Adjustments of value of generic hedges for financial liabilities(+/-)		
60.	Tax liabilities	619,988	632,137
	a) current	*256,464*	*268,613*
	b) deferred	*363,524*	*363,524*
70.	Liabilities associated to assets in the course of divestment		
80.	Other liabilities	11,435,119	7,162,963
90.	Employee severance pay	231,484	206,217
100.	Risk and expense funds	27,145	18,252
	a) commitments and issued guarantees	*13,664*	*4,771*
	b) pensions and similar commitments		
	c) other risk and expense funds	*13,481*	*13,481*
110.	Share capital	10,000,000	10,000,000
120.	Treasury shares (-)		
130.	Capital instruments		
140.	Premiums on the issue of new shares		
150.	Reserves	10,322,685	9,941,663
160.	Valuation reserves		
170.	Profit (loss) for the fiscal year (+/-)	574,169	381,022
	Total liabilities and shareholders' equity	**268,732,558**	**231,616,280**

INCOME STATEMENT

	Line items	2021	2020
10.	Earned interest and similar income	5,559,220	4,798,386
	Of which earned interest calculated using the actual interest method		
20.	Interest expenses and similar expenses	-2,134,365	-1,754,925
30.	**Interest income**	**3,424,855**	**3,043,461**
40.	Commission income	89,448	68,988
50.	Commission expenses	-222,902	-207,477
60.	**Commission income**	**-133,454**	**-138,489**
70.	Dividends and similar income	128	
80.	Net trading result		
90.	Net hedging result		
100.	Gains/losses from the disposal or repurchase of:		
	a) financial assets measured at amortised cost		
	b) financial assets measured at fair value with impact on total profits		
	c) financial liabilities		
110.	Net income of other financial assets and liabilities measured at fair value with recognition of income through profit and loss		
	a) financial assets and liabilities measured at fair value		
	b) other financial assets obligatorily measured at fair value		
120.	**Operating income**	**3,291,529**	**2,904,972**
130.	Net adjustments/write-backs due to impairment of:	-712,717	-499,002
	a) financial assets measured at amortised cost	*-712,717*	*-499,002*
	b) financial assets measured at fair value with impact on total profits		
140.	Profits/losses due to contract modifications without derecognition		
150.	**NET INCOME FROM FINANCIAL ASSETS**	**2,578,812**	**2,405,971**
160.	Administrative costs:	-1,949,788	-1,720,306
	a) personnel costs	*-1,064,831*	*-921,284*
	b) other administrative costs	*-884,957*	*-799,022*
170.	Net allocations to risk and expense funds	-8,893	-15,200
	a) commitments and issued guarantees	*-8,893*	*-15,200*
	b) other net allocations		
180.	Net adjustments/write-backs to property, plants and equipment	-64,731	-56,760
190.	Net adjustments/write-backs to intangible assets		
200.	Other operating income and expenses	258,430	207,356
210.	**OPERATING COSTS**	**-1,764,982**	**-1,584,910**
220.	Profit(loss) from equity investments		
230.	Net result of fair value measurement of property, plants and equipment and intangible assets	8,440	-165,700
240.	Adjustments to value of goodwill		
250.	Gains (losses) from disposal of investments		
260.	**Gains (Losses) from current operations before taxes**	**822,270**	**655,361**
270.	Fiscal year income tax on current operations	-248,101	-274,339
280.	**Gains (Losses) from current operations after taxes**	**574,169**	**381,022**
290.	Gains (losses) from disposed assets after taxes		
300.	**Profit (loss) for the fiscal year**	**574,169**	**381,022**

SCHEDULE OF OVERALL PROFITABILITY

		2021	2020
10.	**Profit (loss) for the fiscal year**	**574,169**	**381,022**
	Other income components net of tax without reversal to income statement		
20.	Capital securities measured at fair value with impact on total profits		
30.	Financial liabilities measured at fair value with recognition of income effects through profit and loss (variations to own creditworthiness)		
40.	Hedges on equity investments measured at fair value with impact on total profits		
50.	Property, plants and equipment		
60.	Intangible assets		
70.	Defined benefit assets		
80.	Non-current assets and groups of assets in the course of divestment:		
90.	Share of valuation reserves of equity investments measured on the basis of shareholders' equity		
	Other income components net of tax with reversal to income statement		
100.	Hedging of foreign investments		
110.	Exchange rate differences		
120.	Hedging of cash flows		
130.	Hedging instruments (unmeasured instruments)		
140.	Financial assets (other than equity investments) measured at fair value with impact on total profits		
150.	Non-current assets and groups of assets in the course of divestment:		
160.	Share of valuation reserves of equity investments measured on the basis of shareholders' equity		
170.	**Total other income components before tax**		
180.	**Overall profitability (Line item 10+170)**	**574,169**	**381,022**

CASHFLOW STATEMENT – DIRECT METHOD

	Amounts	
	2021	2020
A. OPERATING ASSETS		
1. Management	1,368,974	1,143,850
- earned interest collected (+)	5,559,220	4,798,386
- interest expenses paid (-)	(2,134,364)	(1,754,925)
- dividends and similar income (+)	128	
- commission income (+/-)	(133,454)	(138,489)
- personnel costs (-)	(1,039,564)	(900,845)
- other costs (-)	(1,533,627)	(1,332,246)
- other revenues (+)	907,099	740,582
- taxes and duties (-)	(256,464)	(268,613)
- costs/revenues related to operating assets transferred net of fiscal effects (+/-)		
2. Liquidity generated/absorbed by financial assets	(37,730,588)	(32,684,359)
- financial assets held for trading		
- financial assets measured at fair value		
- other assets obligatorily measured at fair value		
- financial assets measured at fair value with impact on total profits		
- financial assets measured at amortised cost	(35,053,012)	(30,801,916)
- other assets	(2,677,576)	(1,882,443)
3. Liquidity generated/absorbed by financial liabilities	36,507,949	31,594,870
- financial liabilities valued at amortised cost	32,247,942	31,482,263
- financial liabilities from trading		
- financial liabilities measured at fair value		
- other liabilities	4,260,007	112,607
Net liquidity generated/absorbed by operating assets	146,335	54,361
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	76	6,385
- sale of equity investments		
- dividends received from equity investments		
- sales of property, plants and equipment	76	6,385
- sales of intangible assets		
- sales of branches of business		
2. Liquidity absorbed by	(137,588)	(60,090)
- purchase of equity investments		
- purchase of property, plants and equipment	(12,588)	(60,090)
- purchase of intangible assets	(125,000)	
- purchase of branches of business		
Net liquidity generated/absorbed by investment activities	(137,512)	(53,705)
C. FUNDING ACTIVITIES		
- Issues/purchases of treasury shares		
- Issues/purchases of capital instruments		
- distribution of dividends and other purposes		
Net liquidity generated /absorbed by funding activities		
NET LIQUIDITY GENERATED/ABSORGED DURING THE FISCAL YEAR	**8,823**	**656**

RECONCILIATION

Balance sheet line items	Amounts	
	2021	2020
Cash and cash equivalents at the start of the fiscal year	9,226	1,247
Total net liquidity generated/absorbed during the fiscal year	8,823	658
Cash and cash equivalents: effect of exchange rate variations		
Cash and cash equivalents at the close of the fiscal year	18,049	1,905

SCHEDULE OF VARIATIONS TO SHAREHOLDERS' EQUITY FOR FINANCIAL INTERMEDIARIES

	Amounts as at 31/12/2020	Modification of opening balances	Amounts as at 01/01/2021	Allocation of previous fiscal year result		Fiscal year variations							Shareholders' equity at 31/12/2021
							Transactions on shareholders' equity						
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Variation to equity instruments	Other variations	Profit (loss) for the 2021 fiscal year	
Share capital	10,000,000		10,000,000										10,000,000
Share premium													
Reserves:													
a) from gains	8,143,654		8,143,654	381,022									8,524,676
b) other	1,798,009		1,798,009										1,798,009
Valuation reserves													
Equity investments													
Treasury shares													
Fiscal year profit (loss) 2020	381,022		381,022	(381,022)									
Fiscal year profit (loss) 2021												574,169	574,169
Shareholders' equity	20,322,685		20,322,685	0								574,169	20,896,854

Schedules to the Financial Statements of Immobiliare 1884 S.r.l.

IMMOBILIARE 1884 S.R.L.
Single-member company part of the "Gruppo Bancario Cambiano",
subject to management and control
by the Parent Company "Banca Cambiano 1884 S.p.A."
Viale Antonio Gramsci n. 34 - 50132 FLORENCE
Share Capital € 13,500,000.00 fully paid-in
Florence Register of Companies
n. 06780730484 – Economic and Administrative Index (R.E.A) n. FI-655716
Fiscal code 06780730484 – VAT code 06780730484

FINANCIAL STATEMENTS AT 31/12/2021
(amounts expressed in whole Euros)

BALANCE SHEET – ASSETS	31/12/2021	31/12/2020
A) RECEIVABLES FROM SHAREHOLDERS FOR CONTRIB. STILL DUE		
I) part already called for	0	0
II) part to be called for	0	0
A) TOTAL RECEIVABLES FROM SHAREHOLDERS FOR CONTRIB. STILL DUE	**0**	**0**
B) FIXED ASSETS		
I) INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	4,932	9,864
7) other intangible fixed assets	2,925	3,172
I TOTAL INTANGIBLE FIXED ASSETS	**7,857**	**13,036**
II) TANGIBLE FIXED ASSETS		
1) Land and buildings	2,017,878	2,088,596
3) industrial and commercial equipment	3,112	3,822
4) Other assets	14,239	17,540
5) fixed assets under construction and advance payments	6,178,637	5,183,089
II TOTAL TANGIBLE FIXED ASSETS	**8,213,866**	**7,293,047**
III) FINANCIAL FIXED ASSETS		
2) Receivables (financial fixed assets) from:		
db1) due within the next fiscal year	3,507,954	1,472,000
db2) due after the next fiscal year	76	2,701,042
db TOTAL DUE FROM OTHERS	3,508,030	4,173,042
2 TOTAL Receivables (financial fixed assets) from:	3,508,030	4,173,042
III TOTAL FINANCIAL FIXED ASSETS	**3,508,030**	**4,173,042**
B TOTAL FIXED ASSETS	**11,729,753**	**11,479,125**
C) CURRENT ASSETS		
I) INVENTORY		
3) work in progress on order	7,057,204	3,316,818
I TOTAL INVENTORY	**7,057,204**	**3,316,818**
) Tangible fixed assets destined for disposal	**0**	**0**
II) RECEIVABLES FROM:		
1) Customers:		
a) due within the next fiscal year	1,631	0
1 TOTAL Customers:	1,631	0
5-bis) Tax receivables		
a) due within the next fiscal year	842,464	753,659
5-bis TOTAL tax receivables	842,464	753,659
5-quater) receivables due from others		
a) due within the next fiscal year	649,905	649,955
5-quater TOTAL receivables due from others	649,905	649,955
II TOTAL RECEIVABLES:	**1,494,000**	**1,403,614**
III) FINANCIAL ASSETS (not fixed assets.)	0	0
IV) CASH AND CASH EQUIVALENTS		
1) Bank and post office accounts	821	8,992
IV TOTAL CASH AND CASH EQUIVALENTS	**821**	**8,992**
C TOTAL CURRENT ASSETS	**8,552,025**	**4,729,424**
D) ACCRUED INCOME AND PRE-PAYMENTS	**1,273**	**1,302**
TOTAL BALANCE SHEET - ASSETS	**20,283,051**	**16,209,851**

BALANCE SHEET - LIABILITIES	31/12/2021	31/12/2020
A) NET SHAREHOLDERS' EQUITY		
I) Share capital	13,500,000	10,000,000
II) Share premium reserve	0	0
III) Revaluation reserves	0	0
IV) Legal reserve	7,609	0
V) Capital reserves	0	0
VI) Other reserves:		
a) Extraordinary reserve	144,576	0
g) Merger surplus reserve	0	75,034 -
VI TOTAL Other reserves:	144,576	75,034 -
VII) Reserves for hedging of future cash flows	0	0
VIII) Profit (loss) carried forward	0	0
IX) Profit (loss) for the financial year	**8,971**	**227,219**
) Loss offset in the fiscal year	0	0
X) Negative reserve for treasury shares in portfolio	0	0
A TOTAL NET BALANCE SHEET	**13,661,156**	**10,152,185**
B) RISK AND EXPENSE FUNDS	**0**	**0**
C) EMPLOYEE SEVERANCE INDEMNITY	**0**	**0**
D) PAYABLES		
4) Payables due to banks		
a) due within the next fiscal year	5,571,394	5,066,736
b) due after the next fiscal year	785,268	843,705
4 TOTAL Payables due to banks	**6,356,662**	**5,910,441**
7) Due to suppliers		
a) due within the next fiscal year	180,323	42,344
7 TOTAL Payables due to suppliers	**180,323**	**42,344**
12) Tax payables		
a) due within the next fiscal year	34,548	50,036
b) due after the next fiscal year	25,890	51,745
12 TOTAL Tax payables	**60,438**	**101,781**
13) Payables due to social security institutions		
a) due within the next fiscal year	2,422	1,601
13 TOTAL Payables due to social security institutions	**2,422**	**1,601**
14) Other payables		
a) due within the next fiscal year	20,599	0
14 TOTAL Other payables	**20,599**	**0**
D TOTAL PAYABLES	**6,620,444**	**6,056,167**
E) ACCRUED INCOME AND PRE-PAYMENTS	**1,451**	**1,499**
TOTAL BALANCE SHEET - LIABILITIES	**20,283,051**	**16,209,851**

INCOME STATEMENT	31/12/2021	31/12/2020
A) VALUE OF PRODUCTION		
1) Revenues from sales and other services	275,347	277,602
5) Other revenues and income		
a) Grants related to income	0	2,000
b) Other revenues and income	6,450	12,922
5 TOTAL Other revenues and income	6,450	14,922
A TOTAL VALUE OF PRODUCTION	**281,797**	**292,524**
B) COST OF PRODUCTION		
6) for raw materials, consumables and goods	3,740,387	523,258
7) for services	64,477	73,907
10) amortisation and depreciation:		
a) amortisation of intangible fixed assets	5,179	26,005
b) amortisation of tangible fixed assets	74,728	74,728
10 TOTAL amortisation and depreciation:	79,907	100,733
11) variations to inventory of raw materials, consumables and goods	3,740,387 -	523,258 -
14) other operating expenses	39,661	65,100
B TOTAL COST OF PRODUCTION	**184,045**	**239,740**
A-B TOTAL DIFF, BETWEEN VALUE AND COST OF PRODUCTION	**97,752**	**52,784**
C) FINANCIAL INCOME AND CHARGES:		
16) Other financial income:		
a) income from receivables entered as fixed assets.		
a5) other	0	300,000
a TOTAL financial income from receivables entered as fixed assets	0	300,000
d) income from other than the above		
d5) other	8	94
d TOTAL financial income other than the above	8	94
16 TOTAL Other financial income:	8	300,094
17) interest and other financial charges from:		
e) payables to others	82,393	81,175
17 TOTAL interest and other financial charges	82,393	81,175
15+16-17±17bis TOTAL DIFF. BETWEEN FINANCIA INCOME AND CHARGES	**82,385 -**	**218,919**
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS AND LIABILITIES		
A-B±C±D TOTAL BEFORE TAXES	**15,367**	**271,703**
20) Income tax for the period, current, deferred and pre-paid		
a) current income tax	6,396	44,484
20 TOTAL current deferred and pre-paid income tax	**6,396**	**44,484**
21) Profit (loss) for the year	**8,971**	**227,219**

Schedules to the Financial Statements of Invest Italy SIM S.p.A.

Balance Sheet

Assets line items		31/12/2021	31/12/2020*
10.	Cash and cash equivalents	914,756	806,960
40.	Financial assets measured at amortised cost	109,226	317,149
	a)receivables from banks	-	-
	b)receivables from finance companies	-	341
	c)receivables from customers	109,226	316,808
80.	Property, plants and equipment	174,337	241,012
90.	Intangible assets	2,534	10,581
	Of which: goodwill	-	-
100.	Tax assets	12,505	40,442
	a) current	*12,505*	*12,122*
	b) pre-paid	-	*28,320*
120.	Other assets	72,966	451,112
TOTAL ASSETS		**1,286,324**	**1,867,255**

Liabilities line items and shareholders' equity		31/12/2021	31/12/2020
10.	Financial assets measured at amortised cost	196,592	216,502
	a) payables	*196,592*	*216,502*
80.	Other assets	41,557	64,617
90.	Employee severance indemnity	-	2,543
100.	Risk and expenses funds:	98,000	98,000
	c) other risk and expenses funds	*98,000*	*98,000*
110.	Share Capital	4,011,419	4,011,419
150.	Reserves	(2,525,826)	(186,083)
170.	Profit (loss) for the year	(535,419)	(2,339,743)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,286,324**	**1,867,255**

(*) Line items "10. Cash and cash equivalents " and "40. a) Financial assets measured at amortised cost – receivables due from banks " for the previous reporting period have been included in consideration of the changes introduced by the most recent update of the Circular “Financial statements of IFRS intermediaries other than banking intermediaries” of 29 October 2021.

Income Statement

Line items of the income statement		31/12/2021	31/12/2020
50.	Commission income	122,000	358,879
60.	Commission expenses	(307)	(303)
70.	Interest income and similar income	129	1,481
80.	Interest expenses and similar expenses	(2,222)	(3,008)
	OPERATING INCOME	**119,600**	**357,049**
120.	Net adjustments/write-backs of value due to impairment risk of:	(39,327)	(412,833)
	a) financial assets measured at amortised cost	*(39,327)*	*(412,833)*
	NET INCOME FROM FINANCIAL ASSETS	**80,273**	**(55,784)**
140.	Administrative expenses	(532,290)	(920,714)
	a) personnel expenses	*(293,726)*	*(622,345)*
	b) other administrative expenses	*(238,563)*	*(298,370)*
150.	Net allocations to risk and expense funds	-	(63,000)
160.	Net adjustments/write-backs of value on tangible assets	(66,674)	(66,538)
170.	Net adjustments/write-backs of value on intangible assets	(1,769)	(3,800)
180.	Other operating income and expenses	13,361	(1,479)
	OPERATING EXPENSES	**(587,372)**	**(1,055,531)**
	GAINS (LOSSES) FROM CURRENT OPERATIONS BEFORE TAXES	**(507,099)**	**(1,111,315)**
250.	Fiscal year income tax on current operations	(28,320)	(1,228,428)
	PROFIT (LOSS) FOR THE YEAR	**(535,419)**	**(2,339,743)**

Schedule of overall profitability

	Line items	31/12/2021	31/12/2020
10.	**Profit (Loss) for the fiscal year**	(535,419)	(2,339,743)
	Other income components net of tax without reversal to the income statement		
20.	Capital securities measured at fair value with impact on total profit		
30.	Financial liabilities measured at fair value with recognition of income effects through profit and loss (variations of own creditworthiness)		
40.	Hedges on capital securities measured at fair value with impact on total profits		
50.	Property plants and equipment		
60.	Intangible assets		
70.	Defined benefit assets		
80.	Non-current assets in the course of divestment		
90.	Share of valuation reserves of equity investments measured on the basis of shareholders' equity		
	Other income components net of taxes with reversal to the income statement		
100.	Hedging of foreign investments		
110.	Exchange rate differences		
120.	Hedging of cash flows		
130.	Hedging instruments (unmeasured instruments)		
140.	Financial assets (other than capital securities) measured at fair value with impact on total profits		
150.	Non-current assets and groups of assets in the course of divestment		
160.	Share of valuation reserves of equity investment measured on the basis of shareholders' equity		
170.	**Total other income components net of tax**		
180.	**Overall profitability (line items 10+170)**	(535,419)	(2,339,743)

Shareholders' equity

	Amounts at 31.12.2020	Modification of opening balances	Amounts at 1.1.2021	Allocation of previous fiscal year profit		Fiscal year variations						Overall profitability at 31.12.2021	**Shareholders' equity at 31.12.2021**
							Transactions on shareholders' equity						
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Variation of capital instruments	Other variations		
Share capital	4,011,419		4,011,419								-		**4,011,419**
Premiums on issue of new shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves													
a) from gains	-186,083	-	-186,083	-2,339,743	-	-	-	-	-	-	-	-	**-2,525,825**
b) other	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Valuation reserves	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Fiscal year profit (loss)	-2,339,743	-	-2,339,743	2,339,743	-	-	-	-	-	-	-	-535,419	**-535,419**
Shareholders' equity	**1,485,593**	**-**	**1,485,593**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-535,419**	**950,174**

	Amounts at 31.12.2019	Modification of opening balances	Amounts at 1.1.2020	Allocation of previous fiscal year profit		Fiscal year variations						Overall profitability at 31.12.2020	**Shareholders' equity at 31.12.2020**
							Transactions on shareholders' equity						
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Variation of capital instruments	Other variations		
Share capital	4,011,419		4,011,419								-		**4,011,419**
Premiums on issue of new shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves													
a) from gains	-110,115	-	-110,115	-75,968	-	-	-	-	-	-	-	-	**-186,083**
b) other	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Valuation reserves	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Fiscal year profit (loss)	-75,968	-	-75,968	75,968	-	-	-	-	-	-	-	-2,339,743	**-2,339,743**
Shareholders' equity	**3,825,336**	**-**	**3,825,336**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-2,339,743**	**1,485,593**

Cash flow statement – indirect method

A. OPERATING ASSETS	31.12.2021	31.12.2020*
1. Management	**-399,329**	**-590,785**
-fiscal year results(+/-)	-535,419	-2,339,743
- gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value with recognition of income effects through profit and loss (-/+)	-	-
- gains/losses on assets used for hedging (-/+)	-	-
- net adjustments/write-backs due to impairment (+/-)	39,327	412,833.00
- net adjustments/write-backs on property, plants and equipment and intangible assets (+/-)	68,443	70,338
- net allocations to risk and expense funds and other costs/income (+/-)	0	63,000
- out standing duties, taxes and tax receivables (+/-)	28,320	1,228,428
- net adjustments/write-backs of groups of assets being divested net of tax (+/-)	-	-
- other adjustments (+/-)	-	- 25,641
2. Liquidity generated/absorbed by financial assets	**552,638**	**-89,285**
- financial assets held for trading	-	-
- financial assets measured at fair value	-	-
- financial assets obligatorily measured at fair value	-	-
- financial assets measured at fair value with impact on total profits	-	-
- Financial assets measured at amortised cost	207,923	- 169,210
- other assets	344,715	79,925
3. Liquidity generated/absorbed by financial liabilities	**-45,513**	**-176,358**
- financial liabilities measured at amortised cost	-19,910	-111,853
-financial liabilities from trading		
- financial liabilities measured at fair value		
- other liabilities	-25,603	-64,505
Net liquidity generated/absorbed by operating assets	**107,796**	**-856,428**
B. INVESTMENT ACTIVITIES	**0**	**-8,427**
1. Liquidity generated by	**0**	**0**
- sale of equity investments	-	-
- dividends received from equity investments	-	-
- sale of property, plants and equipment	-	-
- sale of intangible assets	-	-
- sale of branches of business	-	-
2. Liquidity absorbed by	**0**	**-8,427**
- purchase of equity investments	-	-
- purchase of property, plants and equipment	0	-6,718
- purchase of intangible assets	0	-1,709
- purchase of branches of business	-	-
Net liquidity generated/absorbed by investment activities	**0**	**-8,427**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of capital instruments	-	-
- distribution of dividends and other purposes	-	-
Net liquidity generated/absorbed by funding activities		
NET LIQUIDITY GENERATED/ABSORBED IN THE FISCAL YEAR	**107,796**	**-864,855**

RECONCILIATION

	31.12.2021	31.12.2020
Cash and cash equivalents at the start of the fiscal year	806,960	1,671,814
Total net liquidity generated/absorbed during the fiscal year	107,796	-864,855
Cash and cash equivalents at the close of the fiscal year	914,756	806,960

Analytical list of real estate properties, comprehensive of revaluations – Law 19/03/1983 n. 72 art. 10

Description	Historical cost	Rev. L.576/75	Rev. L.72/83	Rev. L.413/91	Rev from. F.T.A. of IAS 01/01/2005	Total real property, at 31/12/2021	Of which land value at 31/12/2021	Of which value of buildings at 31/12/2021	Amortisation fund at 31/12/2021	Book value at 31/12/2021
Gambassi Terme Via Garibaldi, 18 Branch	147,411	1,033	44,196	3,352	336,003	**531,995**	0	531,995	391,724	**140,272**
Castelfiorentino Via Piave, 8 Head offices	1,570,255	10,641	10,641	42,042	1,258,394	**2,891,972**	480,000	2,411,972	2,341,345	**550,627**
Castelfiorentino Via Carducci, 8/9 Head offices	2,071,527	0	0	63,974	2,409,822	**4,545,323**	1,800,000	2,745,323	2,295,496	**2,249,827**
Empoli Via Chiarugi, 4 Branch	4,522,834	0	0	0	2,747,576	**7,270,410**	2,000,000	5,270,410	4,091,871	**3,178,540**
Poggibonsi Via S.Gimignano, 24/26 Branch	2,255,453	0	0	0	710,082	**2,965,535**	935,000	2,030,535	1,498,956	**1,466,578**
Castelfiorentino Via Cerbioni Archive 1	629,911	0	0	0	227,844	**857,755**	185,000	672,755	452,747	**405,007**
Barberino V.E. P.za Capocchini, 21/23 Branch	148,309	0	0	0	475,968	**624,277**	0	624,277	402,659	**221,619**
Empoli Via Cappuccini, 4 Branch	68,971	0	0	0	156,468	**225,439**	0	225,439	145,412	**80,026**
Castelfiorentino Via Cerbioni Archive 2	497,075	0	0	0	98,101	**595,176**	150,000	445,176	244,104	**351,073**
Castelfiorentino Via Gozzoli, 45 Branch	1,004,113	0	0	0	1,013	**1,005,126**	250,000	755,126	395,716	**609,409**
Cerreto Guidi Via V. Veneto, 59 Branch	475,736	0	0	0	216,286	**692,022**	0	692,022	359,330	**332,692**
Castelfiorentino Via Veneto/Via Piave Head offices	10,205,094	0	0	0	-70,200	**10,134,894**	755,020	9,379,874	204,585	**9,930,309**
Gambassi Terme Via Volta, 19/21 Archive 3	1,691,075	0	0	0	0	**1,691,075**	552,655	1,138,420	435,385	**1,255,689**
Castelfiorentino Via Piave, 10 Head offices	239,743	0	0	0	0	**239,743**	0	239,743	21,577	**218,166**
Florence Via Varchi, 2/4 Branch	12,110,415	0	0	0	0	**12,110,415**	1,222,000	10,888,415	2,276,580	**9,833,835**
Castelfiorentino Via Piave, 6 (Garage) Head offices	138,468	0	0	0	0	**138,468**	0	138,468	12,462	**126,006**
Florence Via Maggio Branch	1,558,533	0	0	0	0	**1,558,533**	0	1,558,533	449,449	**1,109,084**
Castelfiorentino Via Carducci 4 Head offices	557,166	0	0	0	0	**557,166**	0	557,166	50,145	**507,021**
Montespertoli Via Romita 105 Branch	252,244	0	0	0	0	**252,244**	0	252,244	67,831	**184,413**
Fucecchio Piazza Montanelli Branch	4,880,190	0	0	0	0	**4,880,190**	900,000	3,980,190	1,080,394	**3,799,796**
San Miniato Via Tosco Romagnola Branch	271,697	0	0	0	0	**271,697**	50,193	221,504	46,548	**225,149**
Greve in Chianti Piazza Matteotti Branch	845,729	0	0	0	0	**845,729**	73,200	772,529	133,862	**711,867**
Rome Via Emilio de' Cavalieri Offices	3,321,333	0	0	0	0	**3,321,333**	0	3,321,333	1,661,965	**1,659,368**
Total	**49,463,284**	**11,673**	**54,837**	**109,367**	**8,567,356**	**58,206,517**	**9,353,069**	**48,853,448**	**19,060,142**	**39,146,374**

Expenses for statutory audit – sub-section 1, n. 16-bis, article 2427 of the Italian Civil Code

In compliance with the provisions of article 2427, sub-section 1, n. 16-bis of the Italian Civil Code, below is a detail of the fees for the 2021 fiscal year set forth in the contract with the Auditing Company for the statutory accounting audit and for the performance of other services rendered to the Bank.
Amounts are net of VAT and expenses.

Type of service	Subject performing the service: auditing company / statutory auditor	Total amount of fees (in euro)
A) Statutory audit	Deloitte & Touche S.p.A.	41,814
B) Certification services	Deloitte & Touche S.p.A.	7,350
C) Tax consulting services	-	-
D) Other services	Deloitte & Touche S.p.A.	22,040
Total fees		**71,204**

"Partenze", GIAMPAOLO TALANI,
from the fresco in the Santa Maria Novella train station,
oil on canvas, 2015,
Bank's collection

BANCA CAMBIANO 1884 SOCIETÀ PER AZIONI
Registered head office and general management: Viale Antonio Gramsci, 34 – 50132 Florence
Administrative head office: Piazza Giovanni XXIII, 6 – 50051 Castelfiorentino (Fi)
Registered with the Bank of Italy Register of Banks at n. 5667
Share capital € 232,800,000.00 fully paid in
Registration number in the Company Register of Florence, Fiscal code and VAT code: 02599341209
Parent Company of the Gruppo Bancario Cambiano, registered at n. 238 of the Register of Banking Groups