



Agenzia nazionale per l'attrazione  
degli investimenti e lo sviluppo d'impresa SpA

# **Consolidated Financial Statements as at 31.12.2022**

## SUMMARY

Directors' Report on Operations .....	4
The Macroeconomic Background .....	5
The role of Invitalia .....	6
Activities and Composition of the Group .....	7
Comments on the Financial and Equity Position .....	26
Activities carried out with Third-party Resources .....	29
Person-centred Approach .....	37
Financial Management and Related Risks .....	38
Litigation .....	40
Parent Company Governance .....	44
Subsequent Events .....	51
Foreseeable Outlook of Operations .....	52
Consolidated Financial Statement .....	55
Balance Sheet .....	56
Income Statement .....	58
Statement of Other Comprehensive Income .....	59
Statement of Changes in Shareholders' Equity .....	60
Cash Flow Statement (Indirect Method) .....	62
Notes to the Financial Statements .....	64
Part A – Accounting Policies .....	65
Part B – Information on the Balance Sheet .....	109
Part C – Information on the Income Statement .....	150
Part D - Other Information .....	168
Section 1 – Specific References on Activities carried out .....	211
Operations with Third-party Funds .....	213
Section 5 – Analytical Statement of Comprehensive Income .....	241
Section 6 – Related-party Transactions .....	241
Section 8 – Other Information Details .....	245
Segment reporting .....	245
ANNEXES .....	247

**(Cont'd) summary**

Attestation of the Consolidated Financial Statements pursuant to Article 81-*ter* of Consob Regulation No. 11971 dated 4 May 1999, as amended..... 254

Independent Auditor's Report pursuant to Article 14 of Legislative Decree No. 39 dated 27 January 2010 and Article 10 of Regulation (EU) No. 537/2014..... 255

## **DIRECTORS' REPORT ON OPERATIONS**

Dear Shareholder,  
the consolidated financial statements for 2022 closed with a loss of € 31,081 thousand.

The Invitalia Group acts on a Government mandate to increase the competitiveness of the country, particularly in the south of Italy, and contribute to the growth and strengthening of the national economy, providing its expertise in managing incentives, planning strategic actions, and accelerating public investment, also operating as a Contracting Authority and supporting the attraction of foreign investment, in order to enhance the potential of the regions and local areas. It also facilitates access to credit for SMEs, contributes to reducing the existing digital divide by extending access to fast Internet to the general public, businesses, and institutions, promotes the energy transition and ecological evolution of the Italian steel industry and, last but not least, manages and disposes of equity investments and real estate assets for tourism deemed non-strategic.

The Group also supports all Public Administrations in achieving the investment and spending targets associated with the National Recovery and Resilience Plan (NRRP).

### **The Macroeconomic Background**

In 2022, two significant events occurred that critically affected the recovery of the global economy: the Russia-Ukraine war and the rising rate of inflation, which produced sudden changes in the monetary policies of all industrialised countries.

Expansionary policies on both sides of the Atlantic, as well as the long period of pandemics and related lockdowns around the World, which depressed consumption and production, came to an end. The global economic recovery generated a strong demand for inputs that was not followed by a corresponding adjustment of supply. The war in Ukraine, which started in February and turned from a blitzkrieg into a long war of attrition, also exacerbated geopolitical tensions with heavy repercussions on the availability of fossil fuels and their prices.

The consequence was a drop in global economic growth and rapid spikes in inflation, albeit in different contexts and of a different nature. In Europe, inflation averaged over 8% for the year, mainly due to exogenous causes, such as rising energy prices and the sharp contraction in the supply of basic raw materials for the manufacturing industry and mainly from the emerging Asian economies. In contrast, in the US, inflationary dynamics were mainly caused by endogenous factors due to the strong increase in domestic consumer demand and the significant rise in outputs, especially in the second half of the year.

The previous five years, characterised by continued strong monetary expansion at negative rates, actually facilitated the rapid rise in inflation and the need for central banks to quickly reabsorb the excess money supply by ensuring price stability as a priority.

Under these circumstances, the world's major economies quickly abandoned the expansionary policies they had been pursuing for some time, to focus on the key policy objective of containing inflation, which had an immediate effect on the financial markets. The strong and unusual correlation between the bond market and the stock market recorded significant falls of between 10 and 15% as a natural consequence of the increase in the official discount rates of all advanced economies beginning with the FED (+4.5% in 2023 alone) and ending with the ECB (+3.5%).

The general upturn in global demand has in fact put pressure not only on the supply and distribution chains but also on the supply capacity of all essential raw materials for both the manufacturing industry and the primary supply of inputs. Against such a difficult backdrop, the Russia-Ukraine war has also led to a significant contraction in the supply of energy factors, catching the old continent unprepared to react rapidly to the changed circumstances. Countries with a high manufacturing vocation, such as Germany and Italy, were faced with a necessary repositioning in energy supplies which, in the short and medium term, resulted in an unprecedented increase in costs of supply and, down the line, of production costs. The price of fossil fuels and natural gas rose as never before, especially in the first half of the year, forcing the Governments of all European countries most dependent on this dynamic to introduce

subsidy mechanisms which, in fact, impacted the national budgets and the already weak debt-to-GDP ratios.

Rising energy and agricultural commodity prices and geopolitical tensions associated with the Russia-Ukraine conflict continue to be a critical factor for the Italian economy. Further price increases and reduced supplies of production inputs are still expected throughout the first half of 2023. Natural gas and oil, which together meet more than three quarters of Italy's energy needs, are almost entirely imported. Similarly, the production processes of the agri-food sector depend for over 22% on foreign supplies (in particular, for cereals and fertilisers, they depend on Russian and Ukrainian exports). As a consequence of the relational characteristics of the energy and agri-food sectors, the transmission of price and supply shocks to the rest of the production system is rather direct and extensive and significantly affects sectors relevant to the production of consumer goods given the Italian model of manufacturing specialisation.

As far as our country is concerned, in 2022 the Italian economy recorded a GDP increase of 3.7 %. On the domestic demand side, in 2022, there was a 9.4% increase in gross fixed investments and a 3.5% increase in domestic final consumption in terms of volume. With regard to foreign flows, exports of goods and services rose by 9.4% and imports by 11.8%. Domestic demand, net of inventories, contributed 4.6% to GDP growth, while the contribution of net foreign demand was minus 0.5% and that of changes in inventories 0.4%. Value added volumes recorded increases of 10.2% in the construction sector and 4.8% in services, while 1.8% reductions were recorded in agriculture, forestry and fishing and 0.1% in industry, in the strict sense. In the first four months of 2022 alone, foreign sales of Italian products grew by 20.7% compared to the previous year, while the value of imports more than doubled, adding a negative sign to the trade balance. This deterioration of the trade balance was also a common feature in other major EU economies and was largely due to the increase in average unit values of imports, driven by energy costs. The economic recovery has also been reflected in labour market conditions, which have gradually improved since 2021, albeit at a slower pace than in other major European economies. However, margins of uncertainty remain on the future evolution of public finance, mainly due to the repercussions of the war on the economy and the rise in interest rates on new bond issues, which will lead to a significant increase in coupon interest rates and thus in public spending.

### **The role of Invitalia**

Invitalia was set up to foster the economic and social development of the country, and development and sustainability have always been part of its DNA. Indeed, the Agency works to integrate the economic, social and environmental dimensions of every project in support of businesses, individuals and communities. It measures its commitment not only by its budgetary results, but also by assessing the impacts achieved through its management and measuring these impacts, which it strives to account for in the most transparent manner.

It operates using its own resources, but mainly through the use of the financial resources made available to the Group, by the central PA, for specific purposes, which the Agency carries out essentially with the responsibility of an agent, and therefore without any direct impact on its own assets. These financial resources are used to disburse non-repayable grants and subsidised loans and Invitalia may acquire equity investments directly or through the establishment and management of specialised investment funds, and it may be called on to directly implement projects of a strategic nature at the local level.

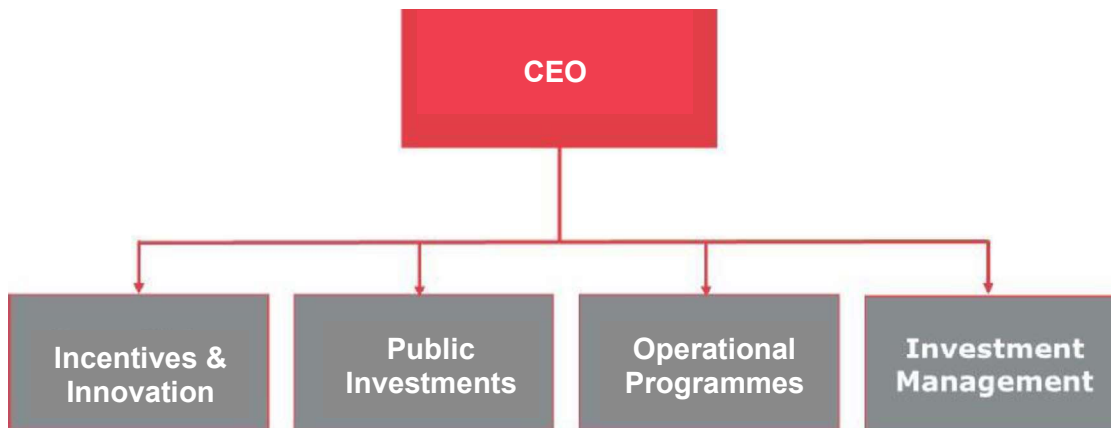
The Group, on the basis of agreements, also carries out important technical, administrative and legal support activities in relation to the direct disbursement of incentives by the Public Administrations, which is not reflected in the financial statements in terms of resources made available to the beneficiaries, except for the related service revenues, since the company is not directly responsible for the deliberation and disbursement of the said resources.

The Agency supports central administrations and implementing parties in the definition and implementation phases of investments, within the framework of specific agreements.

## Activities and Composition of the Group

### The operational structure:

The Agency is operationally divided into four Business Units (BUs):



**Incentives & Innovation** ensures the design, management, implementation and impact assessment of the incentives and tools used to support the development and innovation processes of Italian and foreign companies, in order to promote the growth and competitiveness of the national economy.

**Public Investments** ensures the promotion and management of public investment programmes and projects, working with institutions to support their implementation capacity, also with reference to NRRP projects. It is the Central Contracting Authority and Implementing Entity for strategic interventions for development and territorial cohesion.

**Operational Programmes** ensures the technical assistance to Public Administrations for developing, managing and implementing Community and National Operational Programmes, in order to strengthen their administrative capacity, also through process streamlining and digitisation.

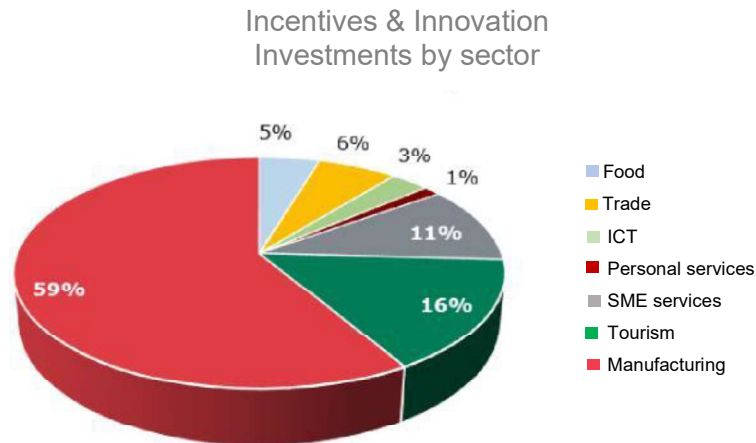
**Investment Management** was set up to manage, in the last months of 2022, specific Funds made available by the Government for projects aimed at fostering the growth and/or revitalisation of companies through equity investments and/or financing.

	Key results achieved by the Agency in 2022			
	100,424	€ 17,662 m	€ 4,566 m	33,613
businesses supported	of activated investments	in subsidies	jobs created or protected	
133	€ 4,960 m	€ 77,119 m		
contracts awarded	worth of contracts awarded	resources managed in the programmes		

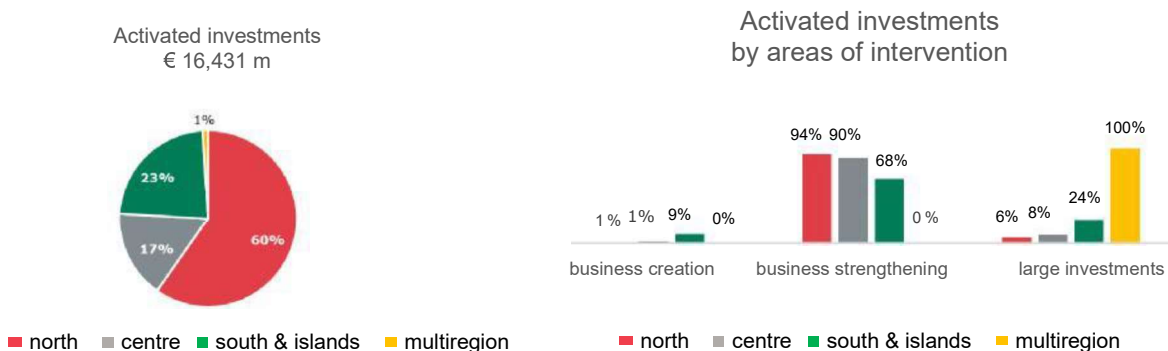
## Incentives & Innovation

In 2022, this BU disbursed investments totalling € 16.4 billion, of which € 1.8 billion through Development Contracts (DCs) for Major Investments, approximately € 0.5 billion for the creation of new enterprises, and € 14.1 billion in measures aimed at strengthening enterprises, for which the Agency only provides technical and legal support to the disbursing Public Administrations. Interventions were concentrated 60% in northern regions and 39% in central and southern regions and islands.

In terms of sectors, 59% of the investments were made in the Italian manufacturing sector and 16% in tourism.



The BU operates in three sectors: supporting large investments, creating new enterprises and strengthening existing enterprises.



**Support for large investments:** through Development Contracts for encouraging the implementation of industrial, tourism and environmental protection programmes.



### Key results achieved in 2022 in the support for large investments

<b>153</b>	<b>€ 1,837 m</b>	<b>€ 672 m</b>	<b>19,923</b>
large investments financed	of activated investments	in subsidies	jobs created or protected

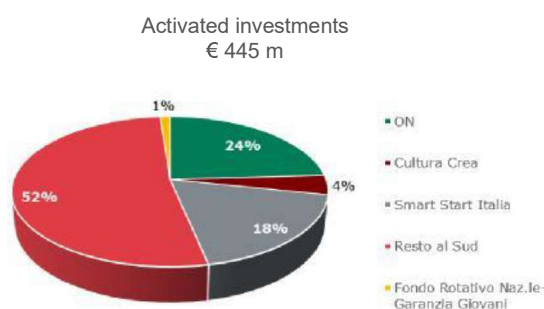
To access the facility, the minimum investment required is € 20 million, which is reduced to € 7.5 million for agricultural processing projects and tourism projects located in inland areas of the country, i.e. involving the



rehabilitation of disused facilities. A fast-track procedure for the Development Agreement is envisaged for large strategic projects with a significant impact on the production system.

Additional incentives have been activated through the Development Contracts, in a complementary manner, to support companies that make investments linked to the main strategic value chains in the areas of sustainable mobility, technological innovation, energy transition, and the development of agri-food logistics. All projects must be in line with the objectives of the NRRP.

**Start-ups:** supports the establishment of new businesses, with a focus on innovatory start-ups and research spin-offs with a business potential.



In 2022, 52% of the investments activated relate to the Resto al Sud incentive, which supports the establishment and development of new business and freelance activities mainly in the southern regions. The allocated funds amount to € 1.25 billion.

The incentive covers up to 100% of eligible expenses through non-repayable loans (up to 50%) and a bank loan (up to 50%), guaranteed by the SME Guarantee Fund, the interest on which is fully covered by the measures.

The *ON - Oltre Nuove imprese a tasso zero* (ON-Beyond New Businesses at Zero Interest) incentive accounted for 24% of activated investments in 2022. The subsidies are valid throughout Italy and provide a mix of zero-interest financing and non-repayable loans for business projects with expenditure of up to € 3 million.

In total, Invitalia received disbursements from the Public Administration in 2022 for the measures it managed, totalling € 1.1 billion, of which € 0.77 billion was used, of which € 0.71 billion was disbursed as grants and loans to beneficiaries.

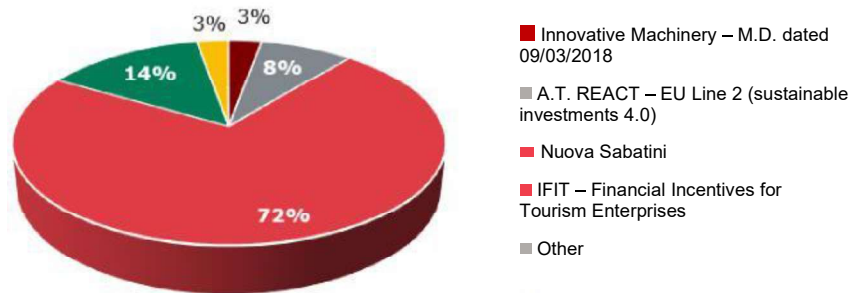
**Strengthening of existing enterprises:** this includes projects for which Invitalia exclusively provides technical-legal support to PAs, through the revitalisation of areas affected by industrial crisis, employment support and promoting innovation.



**Key results achieved in 2022 in the strengthening of existing enterprises**

<b>67,439</b>	<b>€ 14,148 m</b>	<b>€ 2,614 m</b>
businesses supported	of activated investments	in subsidies

Activated investments  
€ 14,148 m



In 2022, 72% of the investments activated relate to the Capital Goods – Nuova Sabatini measure, which is aimed at micro, small and medium-sized enterprises located throughout the country and operating in all economic sectors, and provides subsidies for access to credit for purchasing new machinery, plant and equipment.

The new IFIT incentive - Financial Incentives for Tourism Enterprises, accounted for 14% of total investments activated in 2022. This measure was provided for within the NRRP with an allocation of € 600 million.

Invitalia also supported MIMIT in the management of activities for the disbursement of the Ecobonus, consisting of incentives for developing more sustainable mobility, as indicated in the National Integrated Energy Plan in the framework of the Agenda 2020 objectives, which provides subsidies for the purchase of low-emission vehicles. During 2022, 148,360 applications were submitted and 148,282 approved.

**Public Investments**

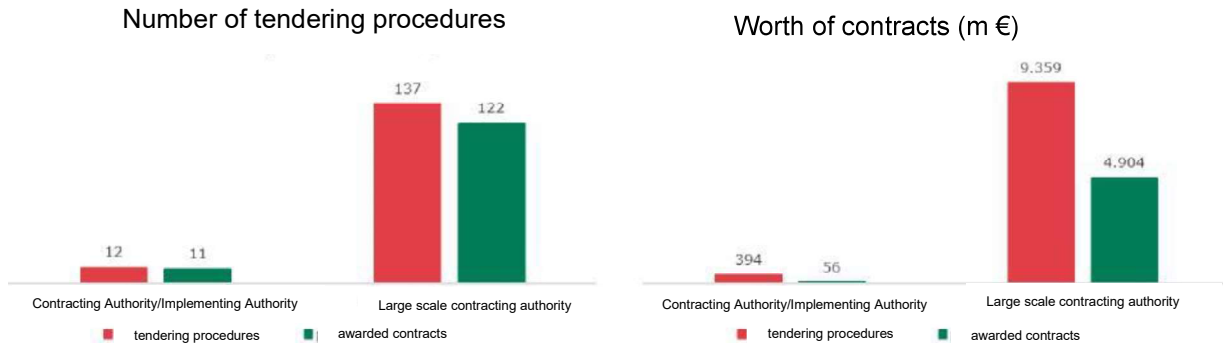
In the course of 2022, in order to promptly activate the implementation of the NRRP investments, the BU promoted - in cooperation with the MEF, the Administrations in charge of the NRRP measures and ANCI – centralised, aggregated and flexible contract awarding procedures, such as Framework Agreements.



**Key results achieved in 2022 by the Public Investment BU**

<b>133</b>	<b>€ 4,960 m</b>	<b>1,665</b>	<b>€ 4,109 m</b>
contracts awarded	worth of contracts awarded	projects approved	value of project approved

During 2022, this BU launched 149 tendering procedures and awarded 133 contracts for a value of € 4,960 million.



54% of the worth of the contracts awarded is represented by the Health Framework Agreement, related to Mission 6 of the NRRP, which envisages reforms and investments aimed at providing consistent healthcare services across the country. A large part of the resources is earmarked for improving infrastructure and technological equipment, promoting research and innovation, and developing the technical, digital, and management skills of the staff.

24% of the value of the awarded contracts is related by the PINQuA Framework Agreement, for the National Innovative Quality Housing Programme, which supports local authorities, at all levels, in implementing projects aimed at reducing housing shortages by increasing the public housing stock, as well as regenerating the socio-economic fabric of urban areas. The NRRP allocates € 2.8 billion for the PINQuA programme.

The BU has entered into an ad hoc agreement with the MEF-RGS to support the central administrations responsible for the NRRP projects.

During 2022, the BU continued implementing the Environmental Remediation and Urban Regeneration Programme for the Bagnoli area, completing the reclamation works of the former Eternit area, over an area of about 16 hectares. The contract was awarded for the final design of the marine sediment remediation, seashore remediation, and landfill removal works for a total amount of € 6.5 million. In addition, a € 68 million settlement<sup>1</sup> was signed, with respect to all disputes related to the ownership of the areas. Finally, ordinary and extraordinary maintenance works were carried out at the former ILVA archives and, in December 2022, the Supplementary Characterisation Plan for the Seashore and Onshore Area was approved, of fundamental importance for the development of the final marine clean-up project.

## Operational Programmes

The BU supports the Public Administration, both with respect to programmes and the management of incentives.

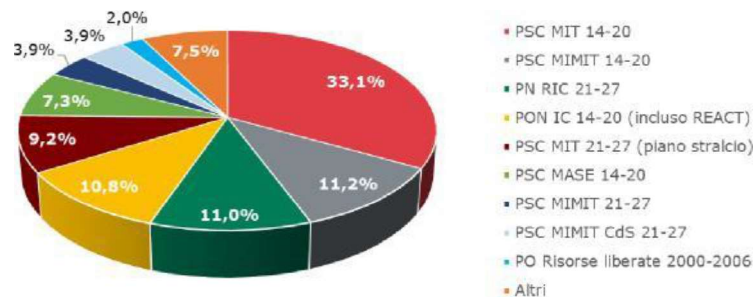


### Main key results achieved in 2022 by the Operational Programmes – Incentives BU

<b>17</b>	<b>€ 51,132 m</b>	<b>73</b>
EU and national Operational programmes	Resources managed in the programmes	Public administration programmes

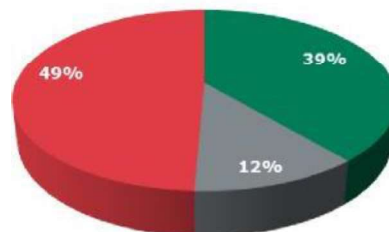
<sup>1</sup> between Invitalia, the Extraordinary Commissioner, the Municipality of Naples, Fintecna, the Port System Authority of the Central Tyrrhenian Sea, the Metropolitan City of Naples, the receivership of the company Bagnolifutura and AMCO.

### Make-up of European and domestic resources managed in the programmes 51 billion euros



	Main key results achieved in 2022 by the Operational Programmes – Incentives		
	28,869	€ 1,231 m	€ 904 m
Businesses Supported	Activated Investments	in subsidies	

### Activated Investments € 1,231 m



North    Centre    South and islands

79% of activated investments (amounting to € 971 million, of which 58% in the south and islands) are related to the facilities provided by the IPCEI Batteries 1 and Batteries 2 calls for tenders under the NRRP.

In 2022, there was an upward trend by client and in particular by:

- MASE within the framework of the 2014-2020 FSC “Infrastructure” Operational Plan: the Ministry engaged PO for technical assistance and specialist support in relation to the implementation of the Plan, to strengthen the administrative capacity of the Coordination Structure and the other General Directorates responsible for the individual action lines of the said Plan.
- Extraordinary Government Commissioners for the reconstruction of the Earthquake-Hit Areas: technical and operational support was provided for designing projects financed under the supplementary fund to the NRRP for the 2016 Earthquake-Hit Areas, in relation to which the Agency was tasked with implementing with some of the measures therein

included and signed a new convention for technical assistance activities for the PNC Area Sisma 2009-2016 (Complementary National Plan for Earthquake-Hit Areas).

## Investment Management

The BU continued the management of the “*Cresci al Sud*” and “*Salvaguardia Imprese*” funds.

### **Cresci al Sud (Business Growth South) Fund**

Established by the Budget Law 2020, with a total budget of € 250 million (€ 150 million allocated for 2020 and € 100 million for 2021).

Its purpose is to support the growth and competitiveness of SMEs in the South of Italy through the acquisition of equity investments, mainly minority stakes, in the risk capital of SMEs with registered offices and operations in the eight regions of the South of Italy.

During 2022, 1 equity investment was acquired for € 5 million.

At 31.12.2022, a total of 3 equity investments had been acquired with the resources of the Fund and recorded off balance for a total of € 15,900 thousand.

### **Salvaguardia Imprese (Company Protection) Fund**

The Fund was established by Article 43 of Law Decree No. 34/2020, with an initial endowment of € 300 million, subsequently supplemented by an additional € 50 million in the second half of 2022. Invitalia is the managing entity of the Fund.

Its purpose is to help rebuild and revitalize businesses in financial distress, also by involving private individuals through co-investment operations, to ensure the business continuity of enterprises which, due to their importance and history, are part of the economic fabric of the country and of the *Made in Italy* brand worldwide.

During 2022, 7 equity investments were acquired, registered off balance, with a total payment of € 35,750 thousand. These transactions, together with the three previous ones, Sicamb SpA, Corneliani Srl and Canepa SpA, resulted in a total disbursement by Invitalia of € 49,750 thousand.

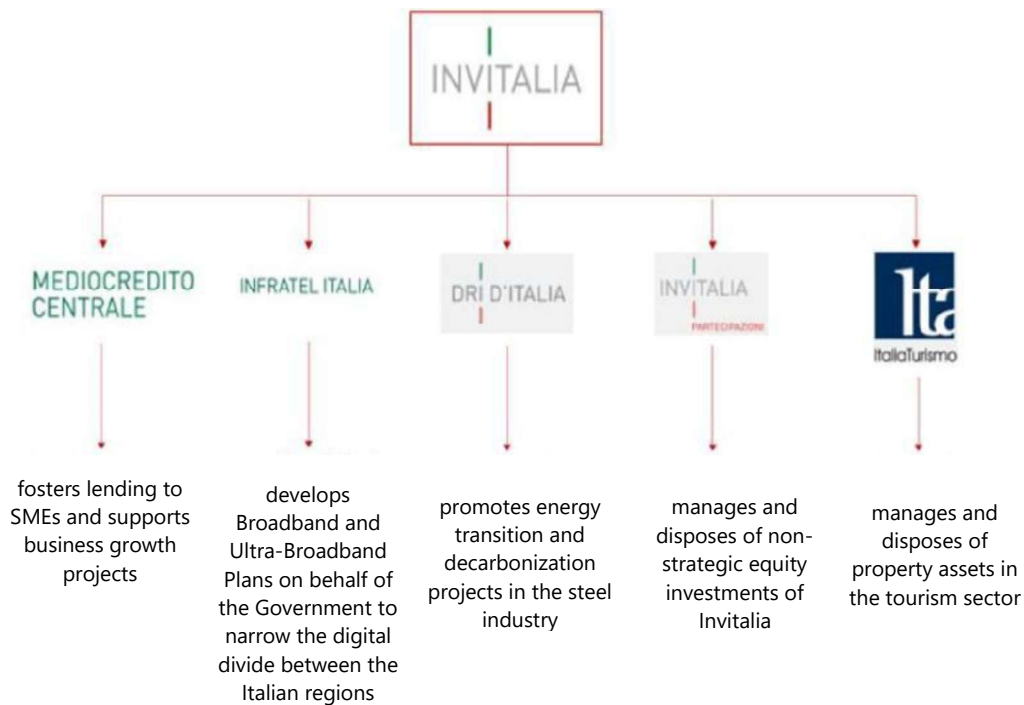
Finally, we must highlight the recognition of Invitalia's role in attracting foreign investments, thanks to which it plays a central role – as a recognised entity – in developing offers by industrial sector and supporting investors. Law Decree No. 50/2022 established the “*Fondo per il potenziamento dell'attività di attrazione degli investimenti esteri*” (Fund for the Enhancement of Foreign Investment Attraction Activities), with an initial endowment of € 5 million per year starting in 2022.

The said Law Decree also provides for the establishment of a so-called “Technical Secretariat” tasked with providing technical-operational support to the *Comitato interministeriale per l'attrazione degli investimenti esteri* (Interdepartmental Committee for Attracting Foreign Investments) - CAIE.

## Equity investments in wholly owned enterprises

Invitalia holds a 100% interest in 3 enterprises of strategic importance, namely, Mediocredito Centrale, Infratel Italia and DRI d'Italia, as well as 2 other companies, Invitalia Partecipazioni and Italia Turismo, which manage group assets, which are held to be placed on the market.

The 100% stake held in DRI d'Italia, however, does not make it a subsidiary of Invitalia, according to IFRS 10, and therefore has not included in the group's consolidated financial statements since it was acquired with third-party funds and therefore does not qualify as an equity instrument in the strict sense (see, in particular, Part A – Section 4 –Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements).



### Mediocredito Centrale

A bank tasked with developing synergies by offering incentives to businesses and promoting business growth policies. It operates mainly to support investment and development in the South. The company is wholly owned.

Its mission is to:

- foster lending to SME
- foster synergies between credit policies and development projects
- strengthen public intervention in strategic or crisis-affected areas

Mediocredito Centrale manages:

- *Fondo di Garanzia* (Guarantee Fund), aimed at SMEs and professionals experiencing difficulties in obtaining bank loans
- *Fondo per la crescita sostenibile* (Fund for Sustainable Growth), for strategic R&D projects to strengthen the country's competitiveness.

During 2022, the Bank continued operating in support of SMEs in the South of Italy by providing loans and managing public guarantee funds (in synergy with Invitalia), in order to foster growth and competitiveness.

Following the Business Plan update, a number of capital management actions were necessary to ensure adequate hedging of current and future risks, including the issue of a € 70 million subordinated Tier 2 loan, which was successfully completed in December 2022. The Bank further reduced its impaired loan portfolio on a gross basis, achieving benefits in terms of credit cost.

At 31.12.2022, Mediocredito Centrale (Mediocredito Centrale) held 96.8% of the capital of Banca Popolare di Bari (BPB) and 85.32% of Cassa di Risparmio di Orvieto (direct interest acquired from Banca

Popolare di Bari on 21.12.2022). Mediocredito Centrale exercises management and coordination functions as the parent company of the Mediocredito Centrale Banking Group.

Banca Popolare di Bari was acquired by Mediocredito Centrale with a capital contribution from the shareholder Invitalia, made with funds made available pursuant to Law Decree 142/2019<sup>2</sup>. Therefore, in accordance with IFRS 10, this equity investment does not produce the operational effects typical of an equity instrument, with regard to Invitalia, which is not considered to control this company, and therefore it has not been included in the consolidated financial statements (see, in particular, Part A – Section 4 – Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements). On the other hand, Mediocredito Centrale, as mentioned above, acquired direct control of Cassa di Risparmio di Orvieto (CRO), with its own funds, at the end of 2022 and therefore, as of that date, this company is also controlled, albeit indirectly, by Invitalia. In light of the date, close to the end of the financial year, of the acquisition of control by Mediocredito Centrale, and therefore by Invitalia, the equity investment in CRO became part of Invitalia's 2022 consolidated financial statements only at the equity level, since the operational effects occurred in 2022, subsequently to the date of acquisition of control, and are therefore irrelevant from a quantitative point of view.

Consistently with the Business Plan, Mediocredito Centrale continued its activities aimed at consolidating the banking Group's operational model, aimed at strengthening the control system and the strategic management of its subsidiaries, also with a view to improving their economic sustainability.

The Mediocredito Centrale Banking Group, including therefore the subsidiaries Banca Popolare di Bari and Cassa di Risparmio di Orvieto, has joined Invitalia's tax consolidation scheme.

As part of its treasury management policies and in consideration of the now marginal achievable benefits, in July 2022, Mediocredito Centrale's Board of Directors resolved on the early closing (unwinding) of the Mediocredito Centrale RMBS self-securitisation transaction. The unwinding of the transaction, apart from the relevant costs, had no accounting impact.

FY2022 of Mediocredito Centrale ended with an intermediation margin of € 77 million and a net result of about € 20 million. Net interest and other banking income decreased significantly (-59%) compared to 2021, as a result of the normalisation of net commissions (-74% compared to 2021) due to the termination of the emergency operations of the Guarantee Fund during the Covid pandemic, only partially offset by the 12% increase in the interest margin compared to the previous year, thanks to the growth in interest income on loan commitments (linked to both the increased portfolio and the positive trend in interest rates).

At 31.12.2022, loans to customers amounted to € 2,677 million (€ 2,321 million at 31.12.2021), comprising gross loans of € 2,736 million - of which performing, stage 1 and stage 2, loans amounted to € 2,685 million (€ 2,338 million at 31.12.2021) and adjustment provisions of € 59 million – of which € 27 million related to impaired loans and € 32 million to performing loans - (€ 73 million at 31.12.2021). Loans to customers include bonds, subscribed mainly through the basket bond mechanism, based on the issue of an ABS security guaranteed by a pool of minibonds, for € 255 million (gross value € 258.9 million and adjustment provisions of € 3.9 million).

Impaired loans (with a gross value of € 50.6 million and adjustment provisions of € 27.2 million) amounted to € 23.4 million (compared to € 19.5 million in 2021), accounting for 0.9% of total financial loans (0.8% in 2021). In particular, loans classified as non-performing amounted to € 7.9 million (0.3% of loans to customers),

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<sup>2</sup> As part of the development policies of the banking system in the South of Italy, Law Decree No. 142/2019, converted into Law No. 37/2020, provided for the use of € 430 million of the € 900 million allocated to Invitalia in 2020, to increase the capital of MCC, for the purpose of carrying out financial and investment activities aimed at supporting businesses in the South of Italy, including the acquisition of equity investments in the capital of banks and financial companies. By virtue of this regulatory provision and the framework agreement signed in 2019 with Banca Popolare di Bari (BPB) and Fondo Interbancario di Tutela dei Depositi, BPB was restructured and recapitalised using the capital increase disbursed to MCC by Invitalia.

with a coverage rate of 67.6%; probable defaults, amounting to € 13.9 million (0.5% of loans to customers), with a coverage rate of 42.6%; impaired past due exposures amounted to € 1.5 million with a coverage rate of 17%. Impaired loans calculated as a percentage of total receivables from customers, on a net basis, amounted to 0.9% (0.8% at 31 December 2021).

Shareholders' equity at 31 December 2022 consisted of the share capital – consisting of 40,901,738 ordinary shares with a value of € 5 each for a total of € 204.5 million – the legal reserve and other reserves totalling € 661.8 million (€ 575.3 million at 31 December 2021), negative securities valuation reserves amounting to € 30.3 million (€ 5.2 million at 31 December 2021) and profit for the period amounting to € 19.6 million (€ 86.5 million at 31 December 2021).

Company name		2022	2021	Delta
<b>Mediocredito Centrale – Banca del Mezzogiorno SpA</b>	Stake held %	100%	100%	
	Share capital (€/000)	204,509	204,509	<b>0</b>
	Total assets (€/000)	4,523,770	4,325,042	<b>198,728</b>
	Shareholders' equity (€/000)	855,610	861,126	<b>(5,516)</b>
	Intermediation margin (€/000)	77,192	190,908	<b>(113,716)</b>
	Result for the year (€/000)	19,610	86,517	<b>(66,916)</b>

## CASSA DI RISPARMIO DI ORVIETO

Mediocredito Centrale, as mentioned above, acquired, with its own funds, direct control of Cassa di Risparmio di Orvieto (CRO) at the end of 2022 and therefore, as of that date, this company is also controlled, albeit indirectly, by Invitalia. In light of the date, close to the end of the financial year, of the acquisition of control by Mediocredito Centrale, and therefore by Invitalia, the equity investment in CRO was recognised in Invitalia's 2022 consolidated financial statements only at the equity level, since the operating impacts, which occurred in 2022 subsequently to the date of the acquisition of control, were quantitatively irrelevant.

Cassa di Risparmio di Orvieto, founded in 1852, operates with a network of 41 branches spread across a vast area in the nearby provinces of Terni and Perugia (Umbria), Rome and Viterbo (Lazio), and Pistoia (Tuscany). FY2022 ended with a net profit of € 2.61 million, compared to a net loss of € 0.13 million compared to the previous year. Specifically, the intermediation margin increased compared to the previous period (€ 46.41 million compared to € 43.35 million at 31 December 2021), due to the performance of interest margin and net commissions, partially offset by lower positive results from proprietary finance.

The net result from financial operations amounted to € 35.81 million (€ 28.73 million at 31 December 2021) due to both the aforementioned improvement of the intermediation margin and lower net value adjustments for credit risk (€ 10.60 million compared to € 14.61 million comparatively). Operating expenses increased from € 28.84 million in FY2021 to € 31.94 million in FY2022, essentially due to higher net allocations to provisions for risks and charges. The negative effect of taxes for the year (€ 1.27 million), decreasing the gross profit (€ 3.88 million), therefore resulted in an after-tax profit for FY2022 of € 2.61 million.

Performing gross loans to customers amounted to € 1,067 million (€ 949 million at 31 December 2021), of which € 1,007 million in stage 1 (€ 823 million at 31 December 2021) and € 60.30 million in stage 2 (€ 126.2 million at 31 December 2021), for which total impairment losses of € 6.5 million (€ 8.1 million at 31 December 2021) were recognised, of which € 2.3 million in stage 1 (€ 3.1 million at 31 December 2021)



and € 4.1 million in stage 2 (€ 5 million at 31 December 2021) with a coverage rate of 0.50% (1.01% at 31 December 2021), of which 0.10% in stage 1 (0.30% at 31 December 2021) and 6.8% in stage 2 (4.0% at 31 December 2021). Gross performing loans to customers are all classified as stage 1 and amount to € 17.2 million (€ 19 million at 31 December 2021), against which total value adjustments of € 0.1 million (€ 0.1 million at 31 December 2021) were recognised. Net impaired loans to customers amounted to € 31.7 million (€ 37.8 million at 31 December 2021), against a gross value of € 56.2 million (€ 53.7 million at 31 December 2021), with a coverage rate of 43.7% (29.6% at 31 December 2021).

Company name		2022	2021	Delta
<b>Cassa di Risparmio di Orvieto</b>	Stake held by Mediocredito Centrale%	85.32 %		
	Share capital (€/000)	51,015		<b>51,015</b>
	Total assets (€/000)	1,523,932		<b>1,523,932</b>
	Shareholders' equity (€/000)	83,031		<b>83,031</b>
	Intermediation margin (€/000)	46,407		<b>46,407</b>
	Result for the year (€/000)	2,608		<b>2,608</b>

### Infratel Italia SpA

Infratel is the company tasked with implementing the Broadband and Ultra-Broadband Plans, as well as the Plans financed by the NRRP: Italia 1 Giga, Italia 5G Plan, Scuola Connessa (Connected School) Plan and Sanità Connessa (Connected Health) Plan. The company is wholly owned.

The company's mission is to narrow the digital divide in certain areas of the country through the integrated development of telecommunications infrastructures that broaden the availability to the public, businesses and public administration bodies of fast Internet connections.

The main tasks of Infratel are:

- mapping market failure areas through regular contacts with telecom operators
- planning infrastructure projects while avoiding duplication of investments
- designing infrastructure and networks for ultra-broadband by using existing and available infrastructure and thus optimising investments
- handling calls for tenders for implementing infrastructure projects and evaluating investment projects within the framework of the National Broadband Plan and the Ultra-Broadband Strategic Project
- managing the completed works and ensuring that they remain efficient over time
- ensuring access to infrastructure for all operators on fair and non-discriminatory terms.

In FY2022, broadband, ultra-broadband and wi-fi connections reached:

- 731,225 properties (47,074 in 2021)
- 8,912 schools (7690 in 2021)
- 37 hospitals (176 in 2021)
- Town halls and other PA offices

Particularly critical among all the Infratel projects is the “*BUL Aree Bianche*” project – model and concession – where all the lots put up for tender (14) were awarded to Open Fiber.

The project concerns the development and management of a publicly owned Ultra-Broadband passive network, capable of guaranteeing ultra-fast services even in areas of market failure. The plan has been considerably delayed, partly due to the limited operational capacity of the concessionaire, as well as the level of litigation instituted by other operators, and the outbreak of the Covid pandemic.

Infratel has repeatedly requested an update of the plan, and despite all the simplifications adopted, the plan is expected to be concluded in 2024, with about four years delay, compared to the tender schedule.

For the delays already accrued, Infratel imposed over € 46 million in penalties in 2022. The penalties have been challenged by OF before the Court of Rome. Particularly disappointing, finally, is the level of take-up of services, which is now 3.21% of the potential of saleable real estate units, with only 154,549 real estate units to which services have been activated with 217 OLO customers.

Company name		2022	2021	Delta
Infratel SpA	Stake held %	100%	100%	
	Share capital (€/000)	8,594	8,594	<b>0</b>
	Total assets (€/000)	2,236,228	1,515,131	<b>721,097</b>
	Shareholders' equity (€/000)	24,406	21,223	<b>3,183</b>
	Value of production (€/000)	290,612	233,129	<b>57,483</b>
	Result for the year (€/000)	3,183	2,450	<b>733</b>

### DRI D'Italia SpA

Established on 25/01/2022 for the feasibility study and subsequent construction of plants for the production of Direct Reduced Iron (DRI), a pre-reduced intermediate product useful to replace scrap iron in steel production, with the effect of reducing CO<sub>2</sub> production in the process.

The company had an initial share capital of € 35 million, allocated to Invitalia by the MEF, in implementation of Law 125/21. The capital can be increased up to 70 million euro, in two or more instalments, in relation to the progress of operations. This equity investment, similarly to the interests acquired through grants, does not qualify as an equity instrument proper since Invitalia is not affected by its operational effects, which is why, despite being a wholly controlled company, it has not been included in the Group's consolidated financial statements.

Under Law 175/2022, DRI was allocated resources of up to € 1 billion – from the NRRP funds earmarked for the use of hydrogen in carbon-intensive sectors – having been identified as the implementer of the decarbonisation process of the Italian steel sector.

The mission of the company is to:

- promote the energy transition and ecological evolution of the Italian steel industry and protect the environment, contributing to the process of reducing climate-changing emissions and the carbon footprint in the country and, in particular, in the Taranto area of the former Ilva steelworks;
- support the steel supply chain by placing DRI on the Italian market to reduce national dependence on foreign scrap and cope with the reduced availability of raw materials, due to economic and geopolitical reasons.

In 2022, the activity focused on the feasibility study for the construction of two DRI production plants: the first 2 m ton module, for feeding an electric-powered furnace designed to be built in the perimeter of Acciaierie d'Italia, on the former Ilva site in Taranto, and the second 1.5 m ton module to be built in Italy and Europe, dedicated to supplying the European steel industry for the CEIP consortium.

It is expected that the technology to be used for the construction of the DRI plant will be chosen by August with the *Final Investment Decision*. The terms and scope of the collaboration/integration of the DRI plant with ADIH will also be defined.

The Financial Statements have been prepared, in abridged format, as this is the first financial year for the company and is below the statutory limits (Art. 2435 bis of the Italian Civil Code) of total assets, revenues and average number of employees.

Furthermore, it has been prepared on the assumption of business continuity, taking into account:

- its equity
- its liquid assets
- the Strategic Plan for the period up to 2030, approved at the board meeting of 15 February 2023
- the management and coordination activities exercised by the Agency
- the designation as the implementing party for the construction of the DRI plant, with the allocation of funds from the NRRP, within the limit of € 1 billion.

The income statement shows no revenues, as the production phase is scheduled to start in the second half of 2026. The EBITDA and EBIT are negative and amount to € 3.3 million.

Shareholders' equity amounted to € 32.5 million at 31.12.2022, taking into account the net loss of € 2.5 million.

Despite this negative change in shareholders' equity, no specific impairment loss was recognised on the investment, in accordance with the accounting treatment of investments acquired with public grants and third-party assets described in Part A – Section 4 – Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements, as this loss was deemed to be an indicator of impairment, as well as the losses that the company will record in future years, is typically related to the start-up status of the company itself and does not represent an indicator of impairment until it starts the production of direct reduced iron and benefits from the related revenue flows.

Company name		2022	2021	Delta
<b>DRI Spa</b>	Stake held %	100%		
	Share capital (€/000)	35,000		<b>35,000</b>
	Total assets (€/000)	34,411		<b>34,411</b>
	Shareholders' equity (€/000)	32,496		<b>32,496</b>
	Value of production (€/000)	0		<b>0</b>
	Result for the year (€/000)	(2,504)		<b>(2,504)</b>

As indicated above, in accordance with IFRS 10, the equity investment in DRI d'Italia is not a controlling interest and, therefore, is not included in the Group's consolidated financial statements as it was acquired with third-party funds and therefore does not qualify as an equity instrument in the strict sense (see, in particular, Part A – Section 4 – Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements).

### Invitalia Partecipazioni S.p.A.

This is the Group's special purpose vehicle tasked with carrying out operations relating to the liquidation process of equity investments deemed "no longer strategic", as defined in the comprehensive Group reorganisation process pursuant to Law 296/2006. In FY2022, the company continued to manage its non-strategic assets as part of the overall process of reorganising the Invitalia Group. The company is wholly owned.

Invitalia Partecipazioni is participating in the Group's real estate rationalisation plan. According to the agreements signed between Invitalia and Invimit, asset transfers will take place at arm's length conditions and, therefore, the assets are classified as assets held for sale. For the purpose of preparing the financial statements at 31 December 2022, the relevant assets have been valued at the lower of fair value, net of selling costs, and book value. In a communication dated 16 March 2022, the Parent Company confirmed the commitments it had previously undertaken towards the company, with the changes made in relation to both the scope and timing of the assets to be sold to Invimit.

On 7 July 2022, a framework agreement was signed between Invimit SGR S.p.A., Invitalia S.p.A., Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A. concerning, among other things, the terms and conditions of the sale of certain real estate assets owned by the company.

This said, the financial statements for the year ended on 31 December 2022 show a loss for the period of € 1,976 thousand and a negative adjustment in equity reserves of € 5,325 thousand, to adjust the book value of the business incubators to their recoverable economic value, accounted for, in application of Article 47 of Law Decree 34 of 19 May 2020, converted by Law 77 of 17 July 2020, directly as a negative equity reserve. The results for the financial year total a negative net equity value of € 13,073 thousand and therefore the scope of application of Article 2447 of the Italian Civil Code will continue also during the current financial year.

Invitalia recognised this equity deficit as a contingent liability in liability item 100 "Provision for risks and charges".

The Invitalia Partecipazioni interest is entered in the financial statements at value zero, similar to the previous year; to take into account the negative equity, a provision of € 13.07 million is recorded in the liabilities section of the financial statements, up by € 7.3 million compared to the previous year.

Company name		2022	2021	Delta
<b>Invitalia partecipazioni SpA</b>	Stake held %	100%	100%	
	Share capital (€/000)	5,000	5,000	<b>0</b>
	Total assets (€/000)	60,784	70,657	<b>(9,873)</b>
	Shareholders' equity (€/000)	(13,073)	(5,772)	<b>(7,301)</b>
	Value of production (€/000)	1,748	664	<b>1,084</b>
	Result for the year (€/000)	(1,976)	165	<b>(2,141)</b>

### EQUITY INVESTMENTS HELD FOR SALE

These companies are classified as "Non-current assets and disposal groups held for sale" in accordance with IFRS 5.

#### Italia Turismo SpA

This is the Group company that dealt with investments in the tourism and hospitality sector, an operation that is no longer considered strategic and, consequently, is held for disposal.

The main event of FY2022 concerned the contribution of a significant portion of the company's assets (6 tourist resorts, managed by leading operators under business lease arrangements) to a Fund managed by Invimit SGR, controlled by the MEF, in relation to the Plan for the reorganisation and rationalisation of the Group's real estate assets. In exchange for this contribution, the company received, (i) shares in the Fund amounting to € 94 million, in exchange for the real estate, and, at a later date, (ii) € 9.9 million for the sale of the business branches of the tourist resorts to a special purpose vehicle set up within the scope of the Fund.

The Fund units received with the contract were simultaneously transferred to Invitalia, thus drastically reducing the debt exposure to the parent company from € 108 million to € 14 million.

The disposal of the real estate and, subsequently, of the branch, was carried out in accordance with Article 47 of Law Decree 34 of 19 May 2020.

In 2022, the last year of management of the resorts, the company achieved a turnover of approximately € 8 million from this operation, with an absolute value increase of € 2.5 million compared to the previous year.

On the other hand, the net result, amounting to a loss of approximately € 19 million, was heavily affected by the write-down of the assets retained by the company and not included in the scope of application of Article 47 of Law Decree 34 of 19 May 2020.

This write-down reflects:

- generally speaking, the decrease in value of real estate assets, similar to those of Italia Turismo, determined by the uncertain socio-political situation, the generalised increase in costs due to inflation, and the significant rise in interest rates;
- for certain assets, the decision, also based on informal expressions of interest received during the period, to dispose of the properties in their current state without considering the possibility of enhancing their value before placing them on the market. In the previous year, this decision had instead translated into a substantial confirmation of the book value, on the basis of an impairment test to determine the value in use, albeit with very different parameters compared to those used in 2022 to determine the fair value.

The € 23 million drop in shareholders' equity is the result of both the loss for the year and the effects of the write-down of € 4.3 million, related to the closing of the transaction with Invimit recorded in the accounts solely for equity purposes, in application of Article 47 of Law 77/2020.

The equity investment in Italia Turismo recognised in the financial statements recorded a value of € 37.2 million, at 31 December 2022. The valuation performed on the basis of an impairment test shows a decrease of about € 36 million, compared to the previous year.

Company name		2022	2021	Delta
<b>Italia Turismo SpA</b>	Stake held %	100%	100%	
	Share capital (€/000)	128,464	128,464	<b>0</b>
	Total assets (€/000)	58,912	173,967	<b>(115,055)</b>
	Shareholders' equity (€/000)	38,677	61,798	<b>(23,121)</b>
	Turnover	8,584	6,066	<b>2,518</b>
	Appropriations and depreciation (€/000)	(18,325)	(5,382)	<b>(12,943)</b>
	Result for the year (€/000)	(18,792)	2,227	<b>(21,019)</b>

### **Iniziativa Portuali Porto Romano Srl**

The company IP Porto Romano Srl, 65.45% owned by Marina di Fiumicino Partecipazioni and 34.23% by Invitalia, held a 90-year state concession for the construction and management of a tourist port in Fiumicino, a project that included the construction of a waterfront infrastructure and 1,445 berths.

In the wake of management developments, the Board of Directors of IP Porto Romano resolved to file for a continuity agreement and the Bankruptcy Court of Rome appointed the Liquidator Commissioner, who called a public auction for the sale of the company branch including

the state licence in respect of the seafront land. After three unsuccessful auctions, on 19.10.2021, Fiumicino Waterfront Srl, 100% owned by Royal Caribbean Cruises, was provisionally awarded the purchase of the company branch put up for auction, with an offer of € 11.45 million. On 15.02.2022, Fiumicino Waterfront Srl, having been definitively awarded the contract, paid the balance of the price offered in the public auction and, on 23.02.2022, the notarial sale deed was executed transferring the ownership of the company branch from IP Porto Romano Srl to Fiumicino Waterfront Srl.

## Equity investments in companies over which significant influence is exercised

### CDP Venture Capital SGR SpA

Invitalia holds 30% of the capital of CDP Venture Capital SGR, while the remaining 70% is held by CDP Equity, which, however, does not exercise management and coordination activities.

CDP Venture Capital SGR manages the *Fondo Nazionale Innovazione* (National Innovation Fund), with the goal of making venture capital a cornerstone of the country's economic development, and during FY2022 the company consolidated its position in the venture capital market, accelerating the creation of new funds and raising new resources from existing funds to support start-ups.

The most important investments are in the following funds: *Italia Venture I e II*, *Fondo di Fondi VenturItaly*, *Fondo Acceleratori*, *Fondo Boost Innovation*, *Fondo Rilancio*, *Fondo Technology Transfer – Comparto diretto e indiretto*, *Fondo Evoluzione*, *Fondo Corporate Partners I – Comparto Industry Tech*, *Fondo Parallelo Mobility & Digital Acceleration*, *Fondo di co-investimento MiSE* (Italia Venture I and II, VenturItaly Fund of Funds, Accelerators Fund, Boost Innovation Fund, Relaunch Fund, Technology Transfer Fund - Direct and Indirect Portfolio, Evoluzione Fund, Corporate Partners I Fund - Industry Tech Compartment, Parallel Mobility & Digital Acceleration Fund, MiSE Co-investment Fund).

With regard to the new funds, in FY2022, the following funds were launched: Corporate Partners Fund I compartments: Service Tech, Energy Tech and Infra Tech, *Fondo PiemonteNex* (PiemonteNex Fund) Compartment I, *Fondo Italia Space Venture* (Italy Space Venture Fund) and *Fondo Large Ventures* (Large Ventures Fund). The establishment of Compartment II of the PiemonteNext Fund, of the International Fund of Funds, the Green Transition Fund - NRRP, the Digital Transition Fund - NRRP, the MiSE Fund 2 and the ToscanaNext Fund was also approved.

Fund-raising activities on the market also continued, in FY2022, with additional subscriptions completed for 481 million euros, bringing total assets under management at 31 December 2022 to 2.028 million euros, while transactions approved by the SGR's Board of Directors amounted to 340 million euros.

In terms of the income statement, the intermediation margin in FY2022 increased by € 4.6 million compared to 2021, rising to € 26.4 million, as a result of the increase in management fees resulting from the operation of the funds launched in 2021. In particular, the funds that recorded the highest commission income were: Fondo Rilancio (€ 4 m), Fondo Imprese Sud (€ 3 m), VenturItaly Fund of Funds (€ 2.5 m), MiSE Co-investment Fund (€ 3.2 m) and Fondo Evoluzione (€ 2 m).

The net result amounted to € 4.5 million, down by about € 1 million compared to 2011, due to higher operating expenses, partially offset by the increased management fee income.

At 31 December 2022, the shareholders' equity amounted to € 15.8 million, up compared to 31 December 2021, substantially as a result of the profit generated during the year (4.5 million euros). The level of capitalisation is in keeping with the regulatory requirements.

Company name		2022	2021	Delta
<b>CDP Venture Capitale SGR</b>	Stake held %	30%	30%	
	Share capital (€/000)	2,596	2,596	<b>0</b>
	Total assets (€/000)	28,199	21,828	<b>6,371</b>
	Shareholders' equity (€/000)	15,848	11,355	<b>4,493</b>
	Intermediation margin (€/000)	26,423	21,828	<b>4,595</b>
	Result for the year (€/000)	4,485	5,464	<b>(979)</b>

### **Istituto della Enciclopedia Italiana (established by Giovanni Treccani) SpA**

The Group holds a 7% stake (Invitalia 5.52% and Mediocredito Centrale 1.48% totalling 7%) worth € 5.5 million.

In December 2022, the Board of Directors approved the 2023-2027 Business Plan of the Treccani Group, whose main objectives include consolidating the Group operations in the educational publishing market and the education sector, strengthening the e-commerce side, expanding its presence in digital channels and brand internationalisation.

At 31 December 2022, the Istituto turnover amounted to € 9.6 million, almost entirely from intra-group transactions and contracts, while the net result of € 53,000 was € 321,000 lower than the previous year.

The net worth of this asset is € 88.8 million.

### **EQUITY INVESTMENTS ACQUIRED WITH CONTRIBUTIONS OR THIRD-PARTY FUNDS ON BALANCE**

Equity investments included in this category, in addition to DRI D'Italia, with a wholly owned interest held by Invitalia, were recorded in the item 70 Equity Investments, as follows:

#### **Acciaierie d'Italia Holding S.p.A. (ADIH):**

On 14.04.2021, Invitalia subscribed to the capital increase of ArcelorMittal InvestCo Italy S.p.A., the company leasing the business units of Ilva under extraordinary administration, aimed at launching a new eco-sustainable development phase of Ilva di Taranto.

The 38% stake – with a 50% voting right – was acquired on the government's instructions, through the subscription, with capital contributions allocated by the MEF, of ordinary shares amounting to € 400 million in AM InvestCo Italy SpA. As a result of this transaction, the company name was changed to Acciaierie d'Italia Holding SpA, in which the ArcelorMittal Group holds the remaining 62%.

On 29.12.2022, the Extraordinary Shareholders' Meeting of Acciaierie d'Italia Holding acknowledged the shareholders' intention to implement an equity support measure totalling € 750 million, through a shareholder loan on account of a future capital increase, of which € 680 million was contributed by Invitalia and € 70 million by ArcelorMittal, through the conversion of a portion of the receivables of the same amount owed by ArcelorMittal to ADIH. This shareholder loan was effectively disbursed on 15.02.2023.

It should also be noted that Chapter 1 of Law Decree 2/2023, containing "Provisions relating to the Steel Sector", provides for the authorisation of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. Invitalia to implement capital strengthening measures, up to € 1,000,000,000.

On 03.03.2023, Acciaierie d'Italia Holding entered into two financing agreements for future capital increase, one involving Acciaierie d'Italia SpA for € 630 million and the other involving ADI Energia Srl for € 50 million, in order to allocate capital support resources to the operating companies, in keeping with the relevant requirements. Negotiations are under way to amend the investment agreement to take into account the future capital increase loan already disbursed.

Acciaierie d'Italia Holding exclusively owns Acciaierie d'Italia SpA, AdI Energia Srl, AdI Servizi Marittimi Srl, ArcelorMittal Italy Services Srl in liquidation, and AdI Socova Sas. On 31.05.2022, the lease agreement for the Ex-Ilva business units was extended to 31.05.2024. Intra-group transactions and transactions with related parties are mainly of a commercial and financial nature.

The consolidated financial statements, like the separate financial statements, have been prepared on a going concern basis.

In the preparation of the Draft Financial Statements, it was considered that for the cash flow needs resulting in particular from the infrastructure and environmental investments required to comply with environmental forecasts and restore optimal production capacity, the Company will be able to benefit from the public measures made available to market operators, in addition to the contractual provisions defined in the parent company's shareholder agreements. This conclusion is deemed to be further reinforced by the Shareholder Support measures materialised in February 2023.

It should also be noted that the decision by the *Consiglio di Stato* (Council of State) of 23 June 2021 upheld the Company's appeal against the Puglia-Lecce Regional Administrative Tribunal's (TAR) ruling ordering the "hot area" at the Taranto plant to be turned off, thus confirming the Company's full operations.

On 15 February 2023, the application for a review and renewal of the Integrated Environmental Authorisation was submitted to the Ministry of the Environment.

The Group generated revenues of € 3.9 billion, mainly represented by the sale of finished products such as black hot coils, galvanised products, cold-rolled products and by-products, by Acciaierie d'Italia S.p.A, in addition to revenues from the sale of CO<sub>2</sub> and electricity. The increase in the cost of energy, and in particular of gas, combined with the higher costs of the raw materials needed for production, as a result of the price increase linked to socio-political instability, led to the absorption of over 82% of turnover, despite the tax credit for the Energy Decree Law Decree 17/22 having resulted in a benefit of € 550 million.

The Group has recorded an EBITDA of € 327 million (€ 609 million in 2021) and a net profit of € 84.6 million, compared to € 325 million in the previous year.

Consolidated Shareholders' Equity increased in 2022 due to the profit recorded, totalling € 1,540,817 thousand (€ 1,456,166 thousand in 2021).

The Separate Financial Statements, like the Consolidated Financial Statements, have been prepared on a going concern basis. At the end of the year, the parent company recorded a statutory net profit of € 6,602 million (€ 2,283 million in 2021) and shareholders' equity of € 2,237 million (€ 2,230 million in 2021).

In order to verify the recoverability of the book values of the investments, ADI Holding carried out an impairment test, validated by PWC, having identified a potential indicator of impairment in the market scenario changes due to the Russia-Ukraine crisis and the consequent increase in the cost of energy. The impairment test was performed on the Net Invested Capital ("NIC") in the Equity Investments held by AdI Holding. The basis of the analysis was the Group's Enterprise Value ("EV"), estimated by applying the Discounted Cash Flow method to the Group's consolidated projections, determined based on the Business Plan updated with current market scenarios and a weighted average cost of capital of 9.5%. The analysis did not reveal any impairment losses, while highlighting the company's need to periodically and



promptly provide to the shareholders all appropriate information and updates on the implementation of the business plan and on any financial requirements for achieving the production targets.

Following the disbursement of the loan on account of future capital increase, no requests for new extraordinary financing were received from ADIH shareholders.

### **ReiThera Srl**

Invitalia, pursuant to Article 34 of Law Decree No. 104 of 14.08.2020, holds a 27% stake in ReiThera. In February 2021, a Development Agreement was signed between the Ministry for Economic Development (abbreviated as MiSE, now MIMIT), Invitalia and ReiThera, aimed at supporting the industrial development programme in the pharmaceutical sector at the Castel Romano production plant in Rome, although the Agreement was then terminated without further action.

To date, several expressions of interest have been received for the purchase of the stake held by Invitalia, which are currently being assessed.

To date, the preliminary figures for FY2022 show a production value of € 25 million and a loss for the year of € 4.9 million. The advisory activities for the assessment of the Company's equity value, in relation to the aforementioned expressions of interest, which are still ongoing, confirm the value of the equity investment and therefore, although there has been a negative change in the shareholders' equity, no specific impairment was carried out in accordance with the policy on the accounting treatment of equity investments acquired with public grants and third-party means described in Part A – Section 4 – Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements.

### **Toscana Life Science Sviluppo Srl**

Invitalia, pursuant to Article 34 of Law Decree No. 104 of 14.08.2020, holds 30% in TLS-Sviluppo. The purpose of the Company is to engage in research, development, production and marketing activities of biotechnological and biomedical products for the diagnosis, prophylaxis (including vaccines) and treatment of diseases of various origins with a special focus on bacterial and viral diseases and, in particular, the SARS-CoV-2 pandemic emergency.

As of the date of recognition, the FY 2022 financial statement figures were not yet available so the value of this equity investment was adjusted by €12,898,001, also adjusting the relative contribution – recognised as a liability – for the same amount, based on the financial statements at 31 December 2021, in accordance with the policy regarding the accounting treatment of equity investments acquired with public grants and third-party resources described in Part A – Section 4 – Accounting treatment of equity investments acquired with public grants/third-party resources of the Notes to the Financial Statements.

### **Equity investments acquired with Administered Funds – Off Balance**

The equity investments in Industria Italiana Autobus SpA (42.76%) and Sider Alloys Italia S.p.A. (33.73%) were also acquired with funds administered on behalf of the state (Development Contracts). These equity investments, unlike those described above, are accounted for in the memorandum funds.

### **Industria Italiana Autobus S.p.A.**

The preliminary results for FY2022 featured a year's end loss of € 42 million. The management of Industria Italiana Autobus (IIA) asked the shareholders to restore the share capital for a countervalue of € 26.5 million, equal to the 2021 losses carried forward.

The partner Karsan made the conversion of part of its trade receivables conditional on the signing of a *Parent Company Guarantee* by Leonardo and Invitalia, guaranteeing the repayment plan for the remaining part of its trade receivables from IIA aimed at the overall closing of the position for € 13 million.

At the end of February 2023, Invitalia was authorised by MIMIT to restore the share capital for a total amount of more than € 11 million, of which € 9 million through the pro-rata conversion into capital of the shareholder loan provided by Invitalia and € 2.3 million as a new cash injection.

### **Sider Alloys Italia S.p.A.**

Invitalia's equity investment, acquired within the framework of the Development Contracts, pursuant to Ministerial Decree dated 23/3/2018, was aimed at the reactivation and revitalisation of the ex-Alcoa industrial complex for the production of primary aluminium (the only producer in Italy), located in the Portovesme industrial area in the Municipality of Portoscuso (SU).

The pre-revamping activity is currently ongoing, as is the process of gradually absorbing the ex-Alcoa workforce and the investment activity for the technological modernisation of one of the two production lines. In December 2022, the Foundry activity was re-activated, with the plate line, and the electrolysis room is expected to be started up in the first half of 2023.

At the date of the survey, the figures for the FY2022 financial statements were not yet available.

## **OTHER COMPANY TRANSACTIONS**

### **Invitalia Global Investment**

Incorporated on 09.01.2018, under Law 205/2017, the company was cancelled from the Business Registry of Rome on 30.06.2022 since it proved impossible to make it operational.

### **Sviluppo Italia Calabria ScpA in liquidation**

On 22.12.2022, the final liquidation financial statements were approved. The company was then cancelled on 3 May 2023.

## **COMMENTS ON THE FINANCIAL AND EQUITY POSITION**

### **Financial situation**

The results and economic performance recorded by the Group in 2022 were characterised by the extreme volatility of some key factors, such as the inflation rate, interest rates, the fourth wave of COVID (first semester), and the negative performance of the real estate market.

FY2022 ended with a loss of € 31 million, a negative change from the previous year of about € 115 million. The most significant dynamics concerned the EBITDA, which plummeted from € 149 million to 23 million, recording a decrease of no less than € 126 million compared to the previous financial year, essentially justified by the extraordinary use of the Guarantee Fund managed by Mediocredito Centrale, during the emergency phase, which allowed the subsidiary to develop a far greater amount of commissions than in the financial year in question.

Income from Services actually decreased by € 39.8 million, compared to the previous year, primarily due to lower commission income from Mediocredito Centrale, (- € 113 million), partially mitigated by the increase in income from Invitalia and especially Infratel. Financial income decreased by about € 11 million, mainly driven by the increased financial expenses of Invitalia.

However, this dynamic is not reflected in the EBITDA trend, since the growth of Invitalia and Infratel revenues (+ € 72 million) generated a symmetrical growth of operating costs (+ 54

million) and personnel costs related to staff increases (+ € 22 million). The growth of in-house activities (Invitalia and Infratel), with low margins, (only partially) replaced the net commissions of Mediocredito Centrale, which feature a very high margin due to the exceptional figures achieved in 2021 by taking advantage of economies of scale.

The following table is a reclassification of the consolidated income statement captions from a management perspective, with a comparison against FY2021.

<b>RECLASSIFIED INCOME STATEMENT</b>	<b>2022</b>	<b>2021</b>	<b>difference</b>
Income from services and other income	505,223	544,139	(38,916)
Net financial income	19,823	30,841	(11,018)
<b>VALUE OF OPERATIONAL PRODUCTION</b>	<b>525,046</b>	<b>574,980</b>	<b>(49,934)</b>
External costs and operating costs	(313,459)	(259,431)	(54,028)
<b>Value added</b>	<b>211,587</b>	<b>315,549</b>	<b>(103,962)</b>
Staff costs	(188,716)	(166,316)	(22,400)
<b>EBITDA</b>	<b>22,871</b>	<b>149,233</b>	<b>(126,362)</b>
Amortisation, depreciation and provisions	(9,928)	(8,219)	(1,709)
Result from management of equity investments	1,348	4,367	(3,019)
<b>OPERATING RESULT</b>	<b>14,291</b>	<b>145,381</b>	<b>(131,090)</b>
Result from assets held for sale and net non-recurring charges	(30,553)	(41,103)	10,550
<b>GROSS RESULT</b>	<b>(16,262)</b>	<b>104,278</b>	<b>(120,540)</b>
Income taxes	(14,819)	(19,826)	5,007
Profit (Loss) for the year attributable to minority interests	0	0	0
<b>NET RESULT</b>	<b>(31,081)</b>	<b>84,452</b>	<b>(115,533)</b>

The result attributable to minority interests is not valued because the CRO Cassa di Risparmio di Orvieto shareholding was consolidated only at the equity level, as the economic impact on the consolidation is insignificant, given the acquisition of control close to the end of the financial year.

The following is a reconciliation between the results of the statutory and consolidated financial statements.

#### RECONCILIATION OF STATUTORY AND CONSOLIDATED RESULTS

	<b>2022</b>	<b>2021</b>
<b>Statutory result</b>	<b>(50,417)</b>	<b>80,181</b>
Operating results of subsidiaries for the year	1,463	91,297
Reversal of separate financial statement valuations	17,666	(86,938)
Net effect of subsidiaries	19,129	4,359
IFRS 9 adjustments	0	(117)
Elimination of intragroup transactions and other entries	207	29
<b>Consolidated group result</b>	<b>(31,081)</b>	<b>84,452</b>
Result pertaining to minority interests	0	0
<b>Result pertaining to the Parent Company</b>	<b>(31,081)</b>	<b>84,452</b>

The net consolidated result records an improvement on the parent company's separate financial statements of € 19 million, substantially determined by economic effects already incorporated in last year's consolidated financial statements, specifically, for about € 12 million from the adjustment of the fair value of the equity investment of Italia Turismo in the statutory financial statements, and for a further € 6 million due to an adjustment, of the surplus of the provision for redundancies of Mediocredito Centrale, which was not recognised in the Bank's income statement last year. Minor effects are relative to negative variations from consolidation adjustments.

### Financial position

The consolidated financial position at 31 December 2022, briefly presented in the table below, has been reclassified to show the uses for the year, according to the "decreasing liquidity" principle, as well as to show the composition of the sources of financing, in comparison with the figures for FY2021.

In light of the inclusion of Cassa di Risparmio di Orvieto in the scope of consolidation as of 31 December 2022, the 2022 values are scarcely comparable with those of 2021.

	2022	2021	difference
<b>Uses:</b>			
Ready cash	236,821	453,817	(216,996)
Net working capital (deferred cash-current liabilities)	3,713,987	2,503,776	1,210,211
Assets held for sale	78,305	197,815	(119,510)
Net equity investments	897,977	885,084	12,893
Financial fixed assets	1,338,174	1,006,521	331,653
Technical fixed assets	410,265	238,253	172,012
<b>Total</b>	<b>6,675,529</b>	<b>5,285,266</b>	<b>1,390,263</b>
<b>Funded by:</b>			
Shareholders' equity	803,388	873,689	(70,301)
Third-party funds under management	782,669	779,258	3,411
Grants	1,215,650	1,208,331	7,319
TFR (employment termination indemnity)	10,734	11,016	(282)
Provisions for risks	49,229	39,574	9,655
Loans	3,813,860	2,373,398	1,440,462
<b>Total</b>	<b>6,675,529</b>	<b>5,285,266</b>	<b>1,390,263</b>

There was a significant increase in total assets compared to the previous year, with growth of over € 1.4 billion in absolute value.

The balance sheet structure includes, as of the year in question, the results of the statutory financial statements of Cassa di Risparmio di Orvieto (whose data were not consolidated in the income statement because the equity investment was acquired by Mediocredito Centrale in December, and therefore the economic effects after the date of acquisition of control of CRO were not considered significant). More than 50% of assets consist of net working capital and ready cash, while financial fixed assets accounted for 20% of the total for the year in question. This make-up primarily reflects the contribution in the Consolidated Financial Statements of the Banks, whose assets are based on these items because of their nature; furthermore, it is useful to consider the increase in net working capital recorded by the Parent Company, also due to the difficulty of cutting down the time for collecting receivables owed by the PA.

On the liabilities side, the loans are covered by own resources and funds made available by the shareholder in the form of contributions or special purpose funds under management for more than 41% of the total sources

and the remainder mainly from medium- and long-term loans taken out with banks and, to a lesser extent, the parent company.

Assets held for sale recorded a drop due to the transfer of the tourist resorts to Invimit SGR and the other properties of Italia Turismo written down. Technical fixed assets increased due to the investments primarily by Infratel and Invitalia

The other changes in the consolidated statement of financial position are limited overall, the main one being the increase in the "Grants" item, mainly resulting from the funds received for the NRRP at the end of FY2022 from Infratel.

The reconciliation between statutory and consolidated net equity is shown below:

## RECONCILIATION OF STATUTORY AND CONSOLIDATED SHAREHOLDERS' EQUITY

	2022	
<b>STATUTORY SHAREHOLDERS' EQUITY</b>		<b>796,797</b>
shareholders' equity of subsidiaries	985,159	
Reversal of value of investments in separate financial statements	(978,742)	
net effect of subsidiaries		6,417
Elimination of intra-group transactions and other entries		174
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>		<b>803,388</b>
Equity pertaining to minority interests		(12,188)
<b>SHAREHOLDERS' EQUITY PERTAINING TO THE</b>		<b>791,200</b>

Consolidated shareholders' equity shows an improvement over the shareholders' equity in the separate financial statements of the parent company up by € 6 million, as a result of the difference between the book value of the investee companies and the group's share of shareholders' equity.

## ACTIVITIES CARRIED OUT WITH THIRD-PARTY RESOURCES

### Invitalia

The multiple activities entrusted to the Agency over the years can be quantified, as of 31.12.2022, at approximately € 13.6 billion, of which approximately € 2 billion are recognised in the financial statements, while the rest is managed in an off-balance-sheet capacity (€ 11.7 billion).

The total resources allocated to date by the state and other public bodies for Invitalia's activities amount to more than € 29 billion.

Over the years, Invitalia has also supported direct incentive disbursements by public administration entities for extremely significant amounts, accounting for the disbursement, in FY2022 alone, of more than € 1.2 billion in incentives represented by the Sabatini law and other measures managed primarily by the Operational Programmes BU.

The above figure, relative to the comprehensive operations of the Agency, includes a significant portion, in excess of 60%, of the amounts from the management of Legislative Decree 185/00, which rationalised the activities already provided for in Laws 44/86 and 608/96 and carried out by the company for promoting Youth Entrepreneurship, which later merged with Invitalia.

These measures have no longer been active for several years now, except for the management of collections, and, above all, the recovery of debts mainly through litigation. The debt recovery actions, although supported by an agreement with the *Agenzia delle Entrate* (Tax Authority), which allows the recognition of the debt in the liabilities, under certain circumstances, are very burdensome while likely to produce extremely limited results. This situation is objectively conditioned by the many decades of activity, the large number of beneficiaries, the substantial lack of guarantees, and the impossibility of carrying out settlements or write-offs other than those identified in the guidelines drawn up by the relevant Ministry, or as determined by specific legislative measures.

The Agency represents the activities carried out with third party resources, which entail undertaking a partial or total business risk, in the corresponding items of the financial statements, in keeping with the procedures adopted by the companies incorporated in 2000 (e.g., Law 181/89, tourism rotation fund, former Presidential Decree No. 58/87). Over time, and following the assignment of new activities, not always precisely classifiable, this recognition method has been maintained for all those measures connected to legal provisions identifying the Agency's activities not exclusively attributable to the pure and simple management of funds (e.g., subscription of bonds, acquisition of shareholdings, financing for investments in minority shareholdings, etc.). Activities that are attributable "in the strict sense" to the funds managed on behalf of the State, or other public-sector entities, the management of which is remunerated exclusively by a lump-sum fee (commission) and which, therefore, may be classified as mere services, are recognised in the memorandum accounts and are therefore disclosed in the "Other information" section of the financial statements. Revenues and costs of the services provided are instead included in the income statement.

The overview of the total resources used up to 31.12.2022 is summarised in the table below (m€):

	TOTAL 31.12.2022	ON- BALANCE- SHEET	OFF-BALANCE-SHEET		
			total off balance	Incentives	Legislative Decree 185/00
Grants disbursed	7,213	365	6,848	1,797	5,051
Revocations of non-refundable grants	531	87	444	6	438
Loans disbursed	4,830	568	4,262	1,439	2,823
Fund units	90	35	55	55	
Equity investments	973	892	81	81	
<b>TOTAL</b>	<b>13,637</b>	<b>1,947</b>	<b>11,690</b>	<b>3,378</b>	<b>8,312</b>

At 31.12.2022, the company also held time deposits amounting to approximately € 3.1 billion (of which € 0.3 billion on-balance-sheet, € 2.5 billion incentives, and € 0.3 billion according to Legislative Decree 185/00) to be used in the various measures. The residue still to be collected, of the overall availability allocated by the various legislative or ministerial measures on active measures, amounts to more than **12.4** billion euro (of which **10.8** on development contracts).

The situation of receivables at 31.12.2022 arising from assets managed with third-party funds can be summarised as follows (m€)

	TOTAL 31.12.2022		ON-BALANCE-SHEET		OFF-BALANCE-SHEET			
	amount	%	amount	%	INCENTIVES		Legislative Decree 185/00	
					amount	%	amount	%
<b>Receivables</b>	<b>3,689</b>	<b>100%</b>	<b>312</b>	<b>100%</b>	<b>1,095</b>	<b>100%</b>	<b>2,282</b>	<b>100%</b>
<i>of which</i>								
<i>revoked/resolved</i>	1,959	53%	32	10%	56	5%	1,871	82%
<i>expired</i>	391	11%	4	1%	22	2%	365	16%
<b>total substandard/non- performing loans</b>	<b>2,350</b>	<b>64%</b>	<b>36</b>	<b>11%</b>	<b>78</b>	<b>7%</b>	<b>2,236</b>	<b>98%</b>

The table reflects the extremely critical situation of receivables under Legislative Decree 185/00, which have been revoked or terminated for about 82% of the total and are substantially all past due/non-performing (98%) for more than one year. The ratio of substandard/non-performing loans (2,236) to total disbursements under measure i (grants 5,051, loans 2,823, total 7,874) amounts to about 28%.

For the other credit positions, the size of the past due and revocations is, at the moment, standard, although it should be considered that the incentive measures underlying them, especially those with massive characteristics, were only recently activated.

The ratio of substandard/non-performing loans relative to the "Incentives" (78) to the total disbursements under measure i (grants 1,797, loans 1,439 total 3,236) amounts to about 2.4%.

### **"On-balance-sheet" management of third-party resources**

The following is an analysis of the "on-balance-sheet" management

	<b>ON-BALANCE-SHEET</b>
Grants disbursed	365
Revocations of non-refundable grants	87
Loans disbursed	568
Fund units	35
Equity investments	892
<b>TOTAL</b>	<b>1,947</b>

#### **Grants (€ 365 million)**

The grants disbursed in the reporting period are related exclusively to Law 181/89 *et seq.*. The aforementioned law provided for specific disbursements (in the form of non-refundable grants, subsidised loans, and the undertaking of minority shareholdings) to new companies being established in the areas affected by the steel industry crisis (Taranto, Piombino, Terni, etc.). The measure expired in 2015. The item is not reflected in the financial statements at 31 December 2022 because it relates to grants disbursed.

The amount of the revoked grants (€ 87 million), for the part not yet collected or carried at a loss, is included in the receivables of the measure in the financial statements at 31.12.2022.

#### **Loans (€ 568 million)**

Loans consisted of bonds issued by the SME fund for the purpose of subscribing newly issued bonds or debt securities, in order to encourage capital improvement and contribute to the financing of medium-sized companies meeting the conditions set forth in Article 2 of the Revitalisation Law 77 of 17 July 2020, as well as subsidised loans granted pursuant to Law 181/89 totalling € 258 million, and loans from the revolving fund for tourism pursuant to Presidential Decree 58/87 for € 52 million.

It should be noted that while in the case of the SME fund, which is a recent measure, the amount disbursed coincides with the balance of the relevant receivables recognised in the financial statements (€ 258 million), in the case of the older measures, the amounts indicated are those processed by the Agency over the years and, therefore, are not reflected in the current financial reporting balances, since a part of the amounts have been returned to the client and a part may have been reversed over the years for losses.

At 31.12.2022, residual receivables under Law 181/89 amounted to € 42 million, while the Revolving Fund for Tourism included receivables for € 8.5 million, both of which are included in the Financial Statements under *item 40 Financial Assets valued at amortised cost* and included in the *Net Working Capital* item in the Reclassified Balance Sheet.

The ratio of on-balance-sheet substandard/non-performing loans (€ 36 million) to the total Loans and Grants disbursed in relation to the on-balance-sheet measures (Grants 365, Loans 568, total 933) amounts to about 3.9%.

### Fund units (€ 35 million)

The amount corresponds to the balance at 31.12.2022 of the shares of Fondo Italia Venture I (equal to 62.5% of the € 80 million endowment). The Fund invests in the venture capital of innovative start-ups and SMEs. The fund's operations can only take place in the presence of a simultaneous contribution from independent private investors. The amount is recorded in the financial statements in item *20 Financial assets at fair value impacting on the income statement* and included in the Financial assets section of the reclassified balance sheet.

### Equity investments (€ 892 million)

The item on balance equity investments is broken down as follows:

	Amount
Acciaierie d'Italia Holding (ADIH)	400
MCC (Pop di Bari share)	419
DRI d'Italia	35
Reithera	15
TLS	15
Other, pursuant to Law 181/89	8
<b>Total</b>	<b>892</b>

The shareholdings in ADIH (38% with 50% voting rights), DRI d'Italia (100%), as well as the capital contribution of Mediocredito Centrale, aimed at the acquisition of 100% Banca Popolare di Bari, were acquired with the funds of DL 16 December 2019 No. 142 converted into Law 5/20.

The shareholdings in Reithera (27%) and Toscana Life Science and Sviluppo TLS (30%) were acquired with the appropriations pursuant to DL 104/20 art. 34, for research and development activities and purchasing vaccines and monoclonal antibodies produced by industries in the sector, also through the acquisition of capital shares at arm's length conditions.

The remaining equity investments under Law 181 are for the most part involved in insolvency proceedings; at the end of the proceedings, after the companies have been written off, the value will be reversed against the statutory provisions entered on the liabilities side of the financial statements.

The amount of equity investments acquired with third-party funds is classified under balance sheet item *70 Equity investments* and the corresponding item in the reclassified balance sheet.

### Activities carried out during the financial year

During the year, there was a drop in lending of about € 7 million, from € 1.935 million to € 1.928 million, mainly due to a reduction in loans under Law 181, and € 3 million essentially due to bank charges and other costs, as well as Invitalia management fees.

INVESTMENTS	31.12.2022	31.12.2021	difference	SOURCES	31.12.2022	31.12.2021	difference
Cash and cash equivalents	324	326	(2)	Funds	(1,970)	(1,974)	4
Total receivables	312	316	(4)	Net charges	42	39	3
Equity investments	892	894	(2)				
Investment fund units	35	34	1				
Grants disbursed net of withdrawals	365	365	0				
	<b>1,928</b>	<b>1,935</b>	<b>(7)</b>		<b>(1,928)</b>	<b>(1,935)</b>	<b>7</b>



### “Off-balance-sheet” management of third-party funds – Incentives

The “off-balance-sheet” management of third-party funds is represented by distinguishing between the more recent measures – hereinafter referred to as “Incentives” - assigned to Invitalia (with a seniority, on average, of over 5 years) and the effects of Legislative Decree 185/00, which concern in excess of 70% of the “off-balance-sheet” funds, the disbursement of which was substantially completed prior to 2010.

	OFF-BALANCE-SHEET		
	total off-balance-sheet	Incentives	Legislative Decree 185/00
Grants disbursed	6,848	1,797	5,051
Revocations of non-refundable grants	444	6	438
Loans disbursed	4,262	1,439	2,823
Fund units	55	55	
Equity investments	81	81	
<b>TOTAL</b>	<b>11,690</b>	<b>3,378</b>	<b>8,312</b>

#### Grants disbursed as “Incentives” (€ 1,797 million)

The grants disbursed as “off-balance-sheet” incentives are made up as follows:

Incentives	amount
Development Contracts	1,064
<i>Resto al Sud</i>	221
Innovative machinery	107
<i>Cura Italia</i>	67
Managerial Innovation Voucher	61
Patents +	57
other minor	220
	<b>1,797</b>

This item is reflected in Part D of the financial statements (in which the “off-balance-sheet” measures are described) only in respect of the revoked grants, which, if not yet collected or carried at a loss, are included in the receivables of the measure (€ 6 million). The revocations account for only 0.3% of the grants disbursed, which reflects the fact that many of the massive measures, usually those most exposed to the risk of revocation/loss, are relatively recent.

#### Loans disbursed as “Incentives” (€ 1,439 million)

Total loans disbursed amount to € 1,439 million, in relation to which a credit position of € 1,095 million (including approximately € 55 million in receivables for revocation) still remained at the date of the financial statements, broken down as follows:

Incentives	amount
Development Contracts	469
Innovative machinery	147
New 181	107
Smart & Start	116
Large Enterprise Fund	91
other, minor	165
	<b>1,095</b>

### “Incentives” fund units (€ 55 million)

The fund units are represented in full by units of the Italia Venture II Fund.

The Italia Venture II Fund has an endowment of € 150 million, entirely subscribed by Invitalia, and aims to support and develop start-ups and SMEs in southern Italy.

The Italia Venture II Fund, together with the Italia Venture I Fund (which is registered “on-balance-sheet”, since the legislative measure allocating the resources for this activity – Ministerial Decree dated 29/1/2015 Official Gazette No. 112 of 16/5/2015 – classifies the transfer as “financing”, unlike the Italia Venture II Fund, registered “off-balance-sheet”, since it is classified as “fund management”), are managed by CDP Venture SGR; this was initially 100% owned by Invitalia, but then, following the 2019 Stability Law, it was decided to transfer 70% of its capital to Cassa Depositi e Prestiti SpA. The decision to transfer the management of these funds outside the Group seems rather inconsistent. In fact, the purpose of the funds, of which the Agency holds about 87% of the units, is entirely complementary to Invitalia’s mission. Moreover, the Agency is the assignee by law of numerous other measures with similar characteristics, it would therefore be desirable to provide for the rationalisation and concentration of all these measures in a special vehicle set up within the Invitalia Group. Units paid during the year amount to € 18 million.

### “Incentives” equity investments (€ 81 million)

The off-balance-sheet part includes equity investments for a further € 81 million, of which Industria Italiana Autobus (42.76%) and Sider Alloys (33.73%), acquired with the funds of the development contracts totalling € 15 million, 3 equity investments of the *Cresci al Sud* Fund totalling € 18.9 million, and 10 equity investments of the Safeguard Fund totalling € 50 million.

During 2022, investments were made in new equity investments and/or capital increases in 9 companies totalling € 46 million, broken down by measure as follows:

Incentive	Number	Amount
Safeguard Fund	7	36
<i>Cresci al Sud</i>	1	6
CDS Equity investments	1	4
<b>Total</b>	<b>9</b>	<b>46</b>

### “Incentives” Cash Flows

The receipts from the State and other public bodies on “Incentives” measures, in FY2022, amount to € 1.1 billion and are broken down as follows:

Incentive	Amount
Innovative Machinery	221
Development Contracts	219
<i>Resto al Sud</i>	164
Energy Efficiency Fund	146
Nito	60
Safeguard Fund	50
Smart and Start	50
New 181	41
Others, minor	171
<b>Total</b>	<b>1,122</b>

Approximately € 773 million were utilised, of which € 710 million in loans and grants, and a corresponding increase in liquidity of € 386 million, including collections.

Below are a few brief notes on the main measures that recorded collections of earmarked funds from the PA during FY2022.

**Innovative Machinery** is a measure aimed at supporting innovative investment programmes, designed to increase the degree of efficiency or the level of flexibility of economic activity.

**Development Contracts**, identified as a new facilitating formula intended to support large investments, were established by the Interdepartmental Decree of 24 September 2010, implementing Article 43 of Law Decree No. 112 of 25 June 2008, amended and converted into Law 133 of 6 August 2008.

The **“Resto al Sud” Measure** was established by Law Decree 91 of 20 June 2017 and aims to incentivize the creation of new Enterprises mainly in the southern regions. The Measure finances the purchase of machinery, plant and equipment, IT systems, as well as the upgrading and restructuring of facilities.

The **Energy Efficiency Fund**, provided for by Article 15 of Law Decree 102/2014, implementing Directive 2012/27/EU, is governed by the Decree of the Ministry for Economic Development of 22 December 2017, and is one of the energy efficiency measures that the country has adopted in order to achieve the energy saving objectives set out in the National Energy Strategy (NES).

Loan and grant disbursements, totalling € 710 million, are broken down as follows:

Incentive	Loans	Grants	Total
Development Contracts	81	138	219
<i>Resto al Sud</i>	0	98	98
Innovative Machinery	57	43	100
Large Enterprise Fund	91	0	91
New 181	33	12	45
Bonus Spa	0	32	32
Smart and Start	28	2	30
Culture Creates	1	20	21
Others, minor	31	43	74
<b>Total</b>	<b>322</b>	<b>388</b>	<b>710</b>

Particularly significant is the remaining liquidity at 31.12.2022 in the dedicated “Incentives” accounts of € 2.5 billion, which is made up as follows:

Incentive	Amount
Development Contracts	519
Large Enterprise Fund	309
Safeguard Fund	275
Energy Efficiency Fund	253
Innovative Machinery	190
Nito	173
Management innovation voucher	110
Italy Ventures II Fund	98
<i>Resto al Sud</i>	90
Other	486
<b>Total</b>	<b>2,503</b>

There are also appropriations to be collected on the various “Incentives” measures totalling € 12.4 billion.

## **“Off-balance-sheet” management of third-party assets – Legislative Decree 185/00**

### **Grants (Euro 5,051 million)**

The non-repayable grants disbursed under this measure, including cancelled grants (amounting to € 438 million), total € 5,489 million.

Loans arising from Legislative Decree No. 185/00, amount to about € 2.8 billion and are extremely fragmented and characterized by past-due amounts.

The receivables outstanding at 31.12.2022 amount to more than 50,000 positions, with a seniority of often more than ten years, and for the most part they are in fact unrecoverable.

The aforementioned claims of € 2.28 billion originate from revocations for € 1.09 billion (including revocations of the non-repayable fund of € 438 million), from resolutions for € 0.78 billion, from past due claims for € 0.36 billion and only € 0.05 billion past due.

The ratio of substandard/non-performing loans of € 2.236 billion (revoked + past due) to total loans and total grants disbursed, in relation to the measures under Legislative Decree 185/00, amounting to € 7.874 billion, is approximately 28.3%.

For years, the size and difficulty of managing the phenomenon have been a burden, to tackle which the Agency has been obliged to spend a lot of money with little or no return in terms of recovery.

In fact, direct recovery activities, with the consequent initiation of lengthy, costly and in many cases unproductive litigation, were then joined by activities carried out through the Tax Authority, also characterised by poor returns. Moreover, in many cases legal provisions or agreements within the framework of the Ministry's guidelines led to partial write-offs and new deferrals, which too were very often not respected, with the consequent re-establishment of the ex-ante situation and the reprisal of disputes.

In FY2022, as this measure is essentially no longer active, no further funds were received, instead a reduction in receivables of € 83 m was recorded, mainly due to write-offs (€ 55 million) and € 28 million from actual collections.

### **Mediocredito Centrale**

#### **“Off-balance-sheet” management of third-party assets**

The Guarantee Fund's operations grew significantly less than in the previous year, due to the absence of emergency operations during the pandemic. The Fund developed a total of 283,056 allowed applications, for a financing volume totalling about € 53.9 billion, and a guaranteed amount of € 42.1 billion.

### **Infratel**

#### **“On-balance-sheet” management of third-party assets**

The **third-party funds under management** at Infratel amount to € 518 million and increased by € 418 million, mainly due to the inception of the NRRP project: Italy 1 Gbps, 5 G, and Connected Health and Schools. The table below details the changes for the year:

Description €/000	Balance at 31.12.2022	Balance at 31.12.2021	Change
NRRP project – Italy 1Gbps	280,500	0	280,500
NRRP project – Italy 5G	111,619	0	111,619
DCF BUL	62,587	69,754	(7,167)
NRRP project – Connected Health	33,505	0	33,505
NRRP project – Connected Schools	17,779	0	17,779
Block Chain project	15,090	90	15,000
BUL VOUCHER 2	13,937	0	13,937
BUL VOUCHER	9,528	26,879	(17,351)
Broadband and Ultra-broadband Implementation Fund	629	3,591	(2,692)
NRRP project – Net interest on dedicated current account	281		281
Virgo project	60	60	0
<b>Total</b>	<b>545,515</b>	<b>100,374</b>	<b>445,141</b>

The NRRP has been broken down into the following operational plans:

- Italia a 1 Giga Plan received financial support from MIMIT amounting to € 280 million;
- Italia 5G Plan received financial support from MIMIT in the amount of € 112 million;
- Italia Connected Health Plan received financial disbursements from MIMIT amounting to € 34 million;
- Italia Connected Schools Plan received financial support from MIMIT amounting to € 18 million.

The “Block Chain” project for € 15 million represents the “Fund for the Development of Artificial Intelligence, Blockchain and Internet of Things Technologies and Applications”.

The “Model B and C grants” refer to the sums disbursed by MIMIT as grants to telecommunications operators for the construction of Broadband (Model B) and Ultra-Broadband (Model C) infrastructure, net of the sums already disbursed to the beneficiaries.

## Person-centred approach

Management and enhancement of human resources

At 31 December 2022, the Parent Company had 2,354 employees, compared to 2,120 at 31 December 2021, with a net increase of 234 employees, due to 619 new hirings from outside and 1 employee from Mediocredito Centrale, offset by 386 persons leaving Invitalia. The net increase of 234 was due to a net increase of 281 employees, partly offset by a net decrease of 47 employees hired under atypical employment contracts (used to meet additional flexibility requirements).

### Staff movement in the year 2022 - Invitalia

	Managers	Middle Manager	White-collar	Total employees	Atypical *	Total
<b>Headcount at 31.12.2021</b>	<b>51</b>	<b>214</b>	<b>1,553</b>	<b>1,818</b>	<b>302</b>	<b>2,120</b>
<b>Incoming</b>	<b>1</b>	<b>23</b>	<b>481</b>	<b>505</b>	<b>135</b>	<b>640</b>
- from Group companies		1		1		1
- change of position	1	19		20		20
- other		3	481	484	135	619
<b>Outgoing</b>	<b>5</b>	<b>9</b>	<b>210</b>	<b>224</b>	<b>182</b>	<b>406</b>
- to Group companies				-		-
- change of position		1	19	20		20
- other	5	8	191	204	182	386
<b>Headcount at 31.12.2022</b>	<b>47</b>	<b>228</b>	<b>1,824</b>	<b>2,099</b>	<b>255</b>	<b>2,354</b>

\*Collaborators, temps, interns

The policy of stabilising fixed-term relationships was intensified, which led to the transformation of 151 temporary employment contracts in the parent company into permanent contracts.

The 485 newly hired employees, including a contract acquisition from the subsidiary Mediocredito Centrale, resulted from line requirements (89%) and the strengthening of staff areas (11%). Recruitment was also intensified in relation to the projects financed with the resources made available by the NRRP.

With regard to the other Group companies (Mediocredito Centrale, Invitalia Partecipazioni, Infratel and Cassa di Risparmio di Orvieto), changes in employees are shown in the following table:

Staff Movements in the Year 2022 - Other Group Companies

	Managers	Middle Managers	White-collar	Total employees	Atypical*	Total
<b>Headcount at 31/12/2021</b>	<b>20</b>	<b>211</b>	<b>336</b>	<b>567</b>	<b>28</b>	<b>595</b>
Incoming	4	118	345	467	13	480
- from group companies	-	-	1	1	-	1
- change of position	2	12	-	14	-	14
- other	2	106	344	452	13	465
Outgoing	3	12	55	70	12	82
- to group companies	-	1	-	1	-	1
- change of position	-	2	12	14	-	14
- other	3	9	43	55	12	67
<b>Headcount at 31/12/2022</b>	<b>21</b>	<b>317</b>	<b>626</b>	<b>964</b>	<b>29</b>	<b>993</b>

(\*) temps, interns, atypical

The changes in the workforce of the other Group companies were mainly influenced by the larger net workforce of Infratel Italia (+ 86 employees), as a result of the increase of activities relative to the NRRP, of Mediocredito Centrale (+ 40 employees) in relation to the need to strengthen the structure with specific skills, and of CRO (+271 employees), included in the consolidation scope for the first year. Finally, in FY2022, having excluded Italia Turismo from the scope of consolidation, its 10 employees were subtracted from the total employees, which explains why the total number of employees at 31.12.2021, as reported in the first row of the table, is 567 and not 577 as reported instead in the 2021 consolidated financial statements.

## FINANCIAL MANAGEMENT AND RELATED RISKS

In the current environment, the Parent Company's financial management has maintained a prudent profile. The theoretical unrealised capital losses, accounted for in accordance with international accounting standards, relative to the trading securities portfolio and prudent balanced investment funds, which portfolios – combined – account for only 3% of cash funds, are largely covered by realised gains on the held-to-collect securities portfolio, amounting to about 55% of liquidity, and by returns on investment policies, which cover just under one-fifth of cash investments. Both portfolios described above maintained the same percentage composition as last year, amounting to about 75% of available liquidity. During FY2022, a transaction was also finalised for rationalizing the real estate assets, held primarily by the subsidiary Italia Turismo, which allowed for the transfer of a large part of the real estate involved in the transaction to a real estate fund managed by the company INVIMIT. In return, Invitalia subscribed € 94 million units in the fund, effectively transforming receivables and tangible fixed assets into financial fixed assets. Overall, at 31 December 2022, cash and financial assets under management amounted to approximately € 238 million.

Regarding the working capital, although in a generally improving context compared to previous years, the amount of receipts from the commissioning Ministries was not sufficient to cover the Agency's operational needs, causing a temporary erosion of cash. This was counteracted by operating on the money market, with financing repo transactions, which covered up to 40% of the financial position. The trend in monetary rates, consistently negative throughout the first half of the year, significantly reduced the cost of financing, making it practically immaterial compared

to the operating results. Ordinary financial management, therefore, maintained a plus sign, with a net income of just under € 800,000, despite the sharp rise in interest rates and the negative performance of the bond and equity markets.

Moreover, stimulus actions were implemented in the business units to improve the collection of receivables from customers for ordinary operations. At the same time, investment contracts were disposed of, which, given their relative lack of elasticity towards sudden rate increases, have limited their yield-stabilising function. These strategies are aimed at cutting back on capital market operations to hedge short-term cash requirements, given the costliness of financing transactions.

Available credit lines with banks, financing through repurchase agreements, as well as the quick disposal of financial assets have secured the company from liquidity risks.

The high rating of investments in bonds, three-quarters of the portfolio being represented by domestic government bonds and the remainder by financial securities with excellent credit ratings, means that there is a low credit risk.

The interest rate risk is likewise low, since almost the entire securities portfolio is segregated in a compartment of held-to-collect securities, purchased with a long-term horizon, to collect coupon interest, and valued at historical cost.

During the year, special financial transactions were carried out in connection with the repayment and renewal of the Parent Company's bond maturing in July 2022. In fact, the new Board of Directors resolved on a € 350 million financing transaction for the maturing bond through a bridge loan, which, in fact, allowed for the postponement of a new bond issue, in order to cope with the related technical timing of placement and listing. In November 2022, Invitalia was therefore able to issue a new 3-year bond loan called "social bond", totalling € 350 million, listed, like the previous one, on the Luxembourg regulated market. The changed financial environment, compared to the previous five-year period, the sharply increasing spreads on government bonds, the difficult market and the strongly rising interest rate structure nevertheless resulted in the payment of a coupon of 5.25%, which is significantly higher than the previously issued bond loan.

Lastly, during the year, studies and proposals were launched for policies to actively manage the company's liquidity held in current accounts set aside for legal measures, in order to optimise the expected returns by reducing the overall cost of financing. If these proposals are accepted, the expected returns will be able to offset the higher cost of financing and, above all, the burden of medium/long-term debts incurred as a result of the recent bond issue.

As part of its treasury management policies, and in consideration of the now marginal benefits that can be achieved, in July 2022, the Board of Directors of Mediocredito Centrale resolved to unwind the self-securitisation transaction Mediocredito Centrale RMBS.

In fact, on 21 December 2022, the last Interest Payment Date (Final Redemption Date) took place, in which the Special Purpose Vehicle repaid the securities in full at a redemption price equal to the nominal amount, plus any accrued interest, and redeemed all of its outstanding liabilities in relation to all of the obligations. The early closing of the transaction, apart from the costs associated with the closing, had no accounting impact since, being a self-securitisation, the securitised loans were never removed from the accounts of the originator Mediocredito Centrale.

Finally, as already mentioned, on 22 December 2022, Mediocredito Centrale successfully concluded the placement of the TIER 2 subordinated bond issue, targeting professional customers and qualified counterparties, with the subscription of a nominal amount of € 70 million. This is a 10.5% 10-year fixed-rate bond, with a repayment option after five years and a Standard&Poor's rating of B. The bond is listed on the Euro MTF market of the Luxembourg Stock Exchange. The proceeds of the issue will contribute to the capitalisation of the Group, aimed at developing the company's business operations

## Litigation

The Parent Company's involvement in litigation mainly consists of ongoing civil cases – brought as claimant – for the compulsory collection of loans associated with the subsidy measures managed by the Agency.

As in previous years, the Parent Company resorted to debt recovery in accordance with the Italian Ministry of Economy and Finance Decree published in the OG of 7 March 2008, which allows it to fulfil its obligation to recover amounts due to beneficiaries of measures under Italian Legislative Decree 185/2000 via the Collections Department of the Tax Authority (*Agenzia delle Entrate – Riscossione*).

To date, Invitalia is also involved in standard and rather marginal labour law litigation that is appropriately accounted for in the provisions.

Below is a breakdown of the more significant disputes, in which the Parent Company is involved as defendant and which constitute a possible or remote risk and for which, therefore, no provision has been made in accordance with the international accounting standards:

**Fincalabra** – an appeal is pending before the Court of Rome, for compensation of damages deriving from contractual liability and reputational damage associated with the disposal of equity investments in the regional companies held by Sviluppo Italia. The claim for compensation amounts to € 2.5 million. **At the hearing for clarification of the conclusions**, which took place on 2 February 2021, the case was retained for decision and is currently still pending.

**Consorzio Stabile Sinergica** - the status of the litigation is determining the amount due, in accordance with Court decision No. 608, issued on 24 June 2021 (CGA), between the “Sole Extraordinary Commissioner for the coordination and implementation of the measures to comply with the judgments of the Court of Justice of the European Union (case c-565/10 and case c-85) in the matter of wastewater collection, sewerage and purification”, Invitalia and Consorzio Stabile Sinergica. In relation to the aforementioned judgment, Invitalia is obliged to compensate, in equivalent terms, Consorzio Stabile Sinergica on account of its taking over the contract for the construction of the sewerage system for wastewater collection and connection to the existing network in the Municipality of Mazara del Vallo (TP).

The decision shall also take into account the apportionment of the payment among the other parties involved the administrative process (i.e. Consorzio Stabile Sinergica and the Commissioner).

**Minerva Restauri** – following judgment No. 8148 of 6 December 2021, by which the Council of State upheld the appeal lodged by Minerva Restauri (which ranked second), in addition to the takeover, Invitalia was also ordered to pay compensation for the non-performance of the works carried out. That sum must be quantified in accordance with the procedure outlined in the judgment itself, on the basis of which any *aliunde perceptum* (i.e., sums received elsewhere or by other persons) and the progress of the works shall be verified.

**Teseco 2** - On 23 March 2018, Teseco Srl, in an arrangement with creditors, on its own behalf and as the lead contractor in the temporary association with Gesteco SpA, summonsed the Parent Company to court seeking recognition of its claim of € 3.9 million as the price for the IAP tender for the remediation of the former Nissometal industrial site in Contrada Panuzzi, Agro di Nissoria (Enna). The decision is expected in 2023 and a precise estimate of the risk of losing the case cannot be expressed.

**Teseco 3** – On 6 February 2019 Teseco served a notice of injunction on the Parent Company, to the value of € 600 thousand, being the interest payable by Invitalia for late payment of two invoices issued by Teseco for the remediation of the Smeb area in Messina. Invitalia filed an appeal against this order before the Court of Pisa, requesting the joinder as a party to the action of the third party concerned, namely, the Region of Sicily. The next hearing for closing arguments was scheduled for 14 June 2023.

Finally, it should be noted that, in November 2022, the disputes on the transfer of ownership of the areas and the responsibility for the remediation thereof, which were pending before the Court of Appeal of Naples, were settled with a “final” settlement agreed to by all the actors involved (Bagnoli Futura, Fintecna, the Municipality of Naples, AMCO, etc.).

In particular, the action filed in opposition to the appraisal carried out by the *Agenzia del Demanio* (State Property Agency), regarding the value of the real estate property, ended with the price being determined at € 68 million, which amount the Agency settled in May 2023.



## Infratel Legal Disputes

### *Legal disputes associated with contracted works*

Infratel Italia is a party to a minor dispute involving numerous plaintiffs, requesting compensation for damages for accidents suffered by private individuals on roads affected by excavation work contracted to third parties.

To that end, it should first be noted that there are specific contractual guarantees provided by the contractors in favour of Infratel Italia through the signing of the Framework Agreements. These guarantees consist in an exemption which any contracting company or IAP commits to grant Infratel Italia pursuant to the Framework Agreement with reference to: i) any direct or indirect damages that could derive from execution of the work and/or the materials used as well as late or improper restoration of the status of the areas affected by the worksites; ii) any claim for compensation put forward by third party entities or individuals through in or out of court requests deriving from or connected in any way to the execution of the Framework Agreement.

For these reasons, if the case was lost, the related costs would not be incurred by Infratel Italia due to the obligation of indemnity incumbent on the contractors. The validity of this indemnity has hitherto been recognized in almost all cases, apart from one case resolved by a judgment of the Court of Caltanissetta, which Infratel Italia (for this specific reason) has decided to take to the Court of Appeal of Caltanissetta, before which the hearing for the clarification of the conclusions took place on 26 January 2023. The judgment is expected to be issued within the year.

In relation to these proceedings, two cases should be noted in which the guarantee provided by the contractors may not function: (1) an action brought by the Municipality of Ripatransone in relation to a claim for compensation of € 260,000.00; and (2) an action brought by the receivers of Vidoni, in which ANAS summoned Infratel Italia for its share of responsibility, for a total amount of € 520,000.00.

Lastly, for the sake of completeness, we must report that Infratel Italia has been summoned as a party with civil liability in the criminal proceedings against an ex-director of works, in which case the claim for compensation has been calculated at € 6 million. The ruling by the Court of Cagliari in January 2022, which acquitted the defendant of the charges, averted the danger of a joint conviction of the company in its legal capacity as the party civilly liable for the unlawful conduct of its former employee.

In October 2022, the Regional Prosecutor's Office for Sardinia of the State Audit Office (*Corte dei Conti*) requested the documentation of Infratel Italia's civil action for damages, in order to assess the filing of a liability action for fiscal damage against the defendants in the proceedings.

### *Administrative court disputes regarding calls for tender issued by Infratel Italia*

All of the numerous disputes regarding calls for tender issued by Infratel Italia since 2005 have been settled with court rulings in favour of Infratel Italia.

Since 2016, Infratel Italia has completed the three restricted tender procedures listed below according to the new so-called "concession" model:

- (a) BUL 1 – Notice of call published in the Official Gazette of the Republic of Italy, 5th Special Series – Public Contracts No. 63 of 3 June 2016, to award a concession to build, maintain and manage a publicly owned passive ultra-broadband network in the "white areas" of the Regions of Abruzzo, Molise, Emilia-Romagna, Lombardy, Tuscany and Veneto.
- (b) BUL 2 – Notice of call published in the Official Gazette of the Republic of Italy No. 91 of 8 August 2016, to award a concession to build, maintain and manage a publicly owned passive ultra- broadband network in the "white areas" of the Regions of Piedmont, Valle D'Aosta, Liguria, the Autonomous Province of Trento, Marche, Umbria, Lazio, Campania, Basilicata, Sicily and Friuli- Venezia Giulia.
- (c) BUL 3 – Notice of call published in the Official Gazette of the Republic of Italy No. 46 of 20 April 2018, to award a concession to build and manage passive ultra-broadband infrastructure in the "white areas" of the Regions of Calabria, Puglia and Sardinia.

There was a major dispute about the first two procedures, with the primary action being taken by the dominant operator Telecom Italia. Orrick Law Firm was retained to provide the defense in these lawsuits.

The proceedings currently pending are:

- 2 petitions lodged with the Regional Administrative Tribunal of Lazio concerning the decision to award the Concession to Open Fiber for Lots No. 3 and 5 (BUL 1), for which declarations of supervening lack of interest were filed by TIM on 19/07/2022 and the rulings declaring the extinction are awaited.
- The cases relative to Lots 1, 2 and 4 were dismissed; 17386/2022 for Lot 1, 00875/2023 for Lot 1, 00875/2023 for Lot 4 and 00875/2023 for Lot 4.

Lot 2 and 17375/2022 for Lot 4.

By contrast, there are no proceedings pending for BUL 2 and BUL 3.

#### *Extraordinary Appeal to the Head of State*

Infratel Italia, together with the Parent Company, filed an Extraordinary Appeal to the Head of State on 16 June 2017, against the Department Decrees of 11 November 2016, 17 February 2017 and 31 May 2017, in which the Ministry for Economic Development (MISE) opposed the distribution to Invitalia of the retained earnings of Infratel Italia from the financial years 2013, 2014 and 2015.

Subsequently, a new Programme Agreement was entered into, for analysis purposes and not for the purpose of renewing the previous rules on the treatment of profits, with a view to overcoming the disagreements that had arisen on this point between the parties and avoiding new disputes from emerging.

In view of the signing of the new Programme Agreement, the discontinuation of the Extraordinary Appeal to the Head of State is being formalised.

#### *Labour Law Disputes*

With regard to labour law disputes, 3 cases were still pending in 2022, all of which were settled between late 2022 and early 2023.

In April 2023, a new dispute was filed. At present there are therefore no litigations that lead to an unhedged risk assessment.

#### *Litigation before the Civil Court of Rome concerning penalties applied by Infratel Italia*

Three disputes relating to penalties applied by Infratel Italia are currently pending before the Civil Court of Rome, two of which were brought by the concession holder Open Fiber in 2022, and the third by Fastweb in January 2023, within the framework of the "Connected Schools" Plan, phase 1. In particular:

- an initial dispute, brought by the concession holder Open Fiber against the concession grantor Infratel Italia, by means of a writ of summons dated 6 July 2022, requesting: (1) primarily, to establish and declare the nullity of Article 33 - entitled "Penalties" - of the concession agreements; (2) subordinately, to establish and declare that the penalties applied by Infratel Italia are manifestly excessive and, accordingly, to reduce the penalties on an equitable basis, pursuant to Article 1384 of the Italian Civil Code. Infratel Italia entered an appearance in court with a counterclaim filed on 21 November 2022. Next hearing is scheduled for 11 July 2023;

- a second dispute, brought by the concession holder Open Fiber against the concession grantor Infratel Italia, by means of a writ of summons dated 28 October 2022, requesting: (1) primarily, to establish and declare the nullity of Article 33 - entitled "Penalties" - of the concession agreements; (2) also primarily, to establish and declare the non-existence of the claim by Infratel Italia, by virtue of the invoices charged, by way of penalties, as from 6 July 2022, as well as any future invoices that may be charged under the same heading; and (3) subordinately, to establish and declare that the penalties applied by Infratel Italia are manifestly excessive and to reduce the penalties on an equitable basis, pursuant to Article 1384 of the Italian Civil Code. Infratel Italia entered an appearance in court with a counterclaim filed on 31 January 2023. Next hearing is scheduled for 3 October 2023;

a third dispute, brought by Fastweb against Infratel Italia, by way of a writ of summons dated 16 January 2023, requesting: (1) primarily, to establish and declare that the contested contractual breaches do not exist and, as a result, to establish and declare that the penalties imposed by Infratel Italia in connection with the framework agreements relating to Lots 3 and 5 of the "Connected Schools" Plan, Phase 1, are unlawful and, as a result thereof, to declare that nothing is owed by Fastweb to Infratel Italia by way of penalty; (2) also primarily, to order Infratel Italia to pay back to Fastweb the sum of € 3,480,000 – paid by the petitioner by way of penalties, plus interest and revaluation at the legal rate, accruing from the date of the court request to the actual settlement; (3) subordinately, to establish and declare the manifest excessiveness of the penalties applied by Infratel Italia and, as a result, to reduce the overall penalties on an equitable basis; (4) also subordinately, to order Infratel Italia to pay back to Fastweb the sum of € 3,480,000 or, alternatively, € 3,182.460 or any other amount determined by the Court, on an equitable basis, because paid to date by the petitioner as excess penalties, plus interest and revaluation at the legal rate accruing from the date of the court order to the actual settlement. Infratel Italia appeared before the court with an appearance filed on 19 April 2023. Next hearing is scheduled for: pending.

### Legal disputes – Mediocredito Centrale

The legal disputes, for which the relevant provisions have been set aside, pertain to one labour law dispute and three customer disputes. There are also various disputes with customers for which no provisions have been made because we have no known or probable forecast as to the outcome of the cases.

Moreover, with reference to the tax dispute, which – based on the agreements reached with the contractual counterparties in the context of the extraordinary operations (demerger or sale of business units, block sale of legal relations) between 1 July 2008 and 1 September 2010 with UniCredit Group companies – would in any case have been the responsibility of the latter, we can report that the dispute has been declared closed following a Court of Cassation ruling in March 2022.

Finally, in relation to the subsidies managed by the Bank on behalf of Public Administrations, there are various disputes for which no provisioning has been made, as any losses would be the responsibility of the Public Administrations, hence the costs would be paid from the available funds managed.

Following is a statement relative to the main contingent liabilities of Mediocredito Centrale.

By means of a deed served on 23 June 2021, Tradinvest S.r.l. filed a legal action against, *inter alia*, Banca Popolare di Bari S.p.A. and Mediocredito Centrale – Banca del South of Italy S.p.A., before the Court of Bari, acting as assignee of disputed claims assigned to it by Eurowind Orta Nova S.r.l., requesting the Court to order i) the defendant banks, jointly and severally, to pay back the sum of € 9.1 million in respect of a pooled loan agreement granted to Eurowind Orta Nova S.r.l. Mediocredito Centrale entered an appearance in accordance with the law, disputing the grounds of the petitioner's claims. Moreover, based on reasons that will be forthcoming during the proceedings, the Bank deems that, at present, at present, there are no prerequisites for setting aside a provision, in accordance with IAS 37.

On 23 December 2022, Mediocredito Centrale was served with a writ of summons by Società Italiana per Condotte d'Acqua S.p.A. ("Company"), which, through its Extraordinary Commissioners, is suing Mediocredito Centrale and other natural persons and legal entities (altogether, approximately 50 individuals) for alleged responsibilities in aggravating the Company's financial crisis, which Company was later formally declared insolvent. With regard to Mediocredito Centrale, the case arises from a loan of € 15 million, granted to the Company in 2016 ("Loan"), i.e. before it was admitted, in 2018, to the Extraordinary Administration procedure pursuant to Article 2, paragraph 2, Law Decree No. 347/2003, in relation to which a dispute is already currently pending, brought by the said Commissioners, aimed at obtaining a declaration of ineffectiveness and consequent revocation of the payments made to Mediocredito Centrale. Under the new writ of summons, the Company is suing the defendants for – joint and several – compensation for the damage caused by them for various reasons. In short, Mediocredito Centrale (and the other defendant banks) are accused of having been aware of the Company's financial crisis already on 1 January 2016 and therefore, by granting credit facilities to the Company, they contributed to the Company's state of insolvency. The first hearing has been set for 25 September 2023. At present, there are no prerequisites for setting aside a provision, in accordance with IAS 37 for both disputes.

## Legal disputes – Cassa di Risparmio di Orvieto (CRO)

At the date of these financial statements, there were no judicial and arbitration proceedings pending pursuant to Article 806 et seq. of the Civil Code, the outcome of which could significantly affect the Group's equity and financial and situation.

In particular, the disputes under way (as defendant) essentially relate to:

- anatocism and usury;
- Banca Popolare di Bari shares placed with customers. In these proceedings, the main objections raised against CRO's actions concern:
  - the alleged nullity of the framework contract (and of the individual investment transactions), pursuant to Article 23 TUF, for lack of written form of the framework contract;
  - the alleged breach of disclosure obligations, concerning the characteristics, risk profiles and degree of liquidity of Banca Popolare di Bari shares;
  - the alleged erroneous profiling of customers and the alleged behavioural violations by CRO, with regard to its assessments of the adequacy/appropriateness of investments in Banca Popolare di Bari securities in relation to the customers' risk profile;
  - (in limited cases) alleged defects of consent (fraud, mistake) that would invalidate the said contractual relationships and investment transactions concluded;
  - the alleged violation of the chronological order obligations in the fulfilment of the orders to sell Banca Popolare di Bari shares as received from the respective shareholders;
  - (in limited cases) the alleged liability of Banca Popolare di Bari, pursuant to Article 94, paragraph 7, TUF.

In this regard, the Group, taking into account the developments occurring in the aforementioned disputes, has set aside provisions based on the best estimate pursuant to IAS 37, at the balance sheet date.

## Parent Company Governance

### Shareholder and Corporate Bodies

Invitalia is the National Agency for Inward Investment and Economic Development, a so-called "in house" company, whose shares are 100% owned by the **Ministry of Economy and Finance (MEF)**, which exercises its rights in agreement with the **Ministry of Enterprise and Made in Italy (MIMIT)**, which has policy and control functions over the Agency.

## Board of Directors

### CHAIRMAN

Rocco Sabelli

### CHIEF EXECUTIVE OFFICER

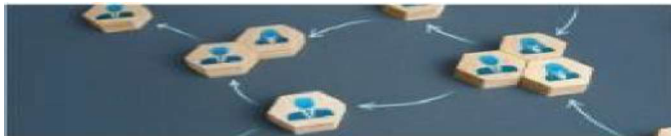
Bernardo Mattarella

### DIRECTORS

Claudia Colaiacomo

Carmela D'Amato

Anna Lambiase



## Board of Auditors

### CHAIRMAN

Gianluigi Serafini

### PERMANENT AUDITORS

Adriano Mesaroli

Angela Lupo    Giovanni Desantis

### ALTERNATE AUDITORS

Cinzia Vincenzi

### Supervising Magistrate of the *Corte dei Conti* (State Audit Office)

Vittorio Raeli

### Independent Auditor

Deloitte & Touche SpA

## Report on Corporate Governance and Ownership Structure

The Group has adopted a “traditional” governance model, characterised by the typical dichotomy between a Board of Directors and a Board of Statutory Auditors; the auditing activities are carried out by an independent audit firm.

This system is considered the most appropriate to ensure management efficiency, effective internal controls and a sound and prudent Group management, as well as being characterised by a clear separation between the administrative and oversight bodies, functional to the most efficient exercise of their respective functions.

The strategic supervision function is carried out by the Board of Directors in all Group companies. The Chief Executive Officer is responsible for management functions, while at CRO the Board of Directors is responsible for the management, together with the General Manager, and at Italia Turismo a Sole Director.

Internal governance is structured in such a manner as to ensure:

- an adequate dialectic between the corporate governance bodies, units and management within each Group company and vis-à-vis the Parent Company;
- a clear description of the role of the corporate governance bodies of each Group company and a balanced distribution of their tasks and responsibilities and the relationships between themselves and the Parent Company's corporate bodies. The Parent Company promotes the uniformity of the respective organisational models, functional to achieving the best management and coordination activities in respect thereof.

In exercising its management and coordination activities with regard to its Subsidiaries, the Parent Company adopts the procedures and issues the provisions that these Companies are required to observe with a view to achieving efficient management and effective controls.

The Parent Company's own powers are exercised within the framework of the general guidelines defined by the Board of Directors, subject to coordination by the Chief Executive Officer, who employs the corporate units to perform the management, coordination and control functions of the Group companies. Appropriate regulations and policies also govern the flow of information to Invitalia's corporate bodies, in order to enhance the efficiency of the Parent Company's activities.

The competences of each corporate body are described in this section of the report.

The (ordinary) **Shareholders' Meeting** is tasked with passing resolutions on the matters specified in the Civil Code

The **Board of Directors** is vested with the broadest powers for the ordinary and extraordinary management of each company. In-house companies are subject by law to similar control by the competent Ministry, consequently certain specific resolutions of the Boards of Directors are subject to authorisation by the supervising Ministry.

The **Chairperson**, appointed by the General Meeting, is vested with the power to supervise internal control activities and manage external relations.

The **Chief Executive Officer**, appointed by the Boards of Directors, is vested with full ordinary and extraordinary management powers, without prejudice to the matters reserved by law and the Bylaws to the General Meeting, the Chairperson and the Board of Directors. Among other things, they make sure that the organisational, administrative and accounting structure is appropriate to the nature and size of the relevant company and report to the Board of Directors and the Board of Statutory Auditors on the general performance of operations and the outlook, as well as on the most significant transactions carried out.

The **Board of Statutory Auditors** monitors compliance with the law and the Bylaws, compliance with the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by each company.

The **statutory auditing** activities are performed by an audit firm registered in the appropriate register, appointed by the General Meeting upon justified proposal of the Boards of Statutory Auditors. By law, the appointment is for a term of nine years

Finally, the Parent Company is subject to the control of the *Corte dei Conti*, exercised through a designated magistrate, who attends the meetings of the Corporate Bodies, which has appointed Vittorio Raeli as its delegate.

### **Internal Control System**

Since 30 June 2004, the Parent Company has adopted an Organisation, Management and Control Model, in accordance with Legislative Decree 231 of 08.06.2001, which establishes the direct liability of the company in the event of certain offences committed by the directors or employees in the performance of their duties.

The adaptation process, extended to all Group companies, has taken place through the definition of the aforementioned Model, which consists of a series of documents:

### **Code of Ethics**

The Code highlights the principles that all those who work in the Parent Company and the Group are required to observe in their conduct, indicating the rules that underpin the company's operations to ensure that they are carried out in accordance with the law and with clear and transparent rules and regulations.

## Organisation, Management and Control Model

It describes the basic principles and objectives of the Model, the duties of the Supervisory Body, the procedures for the dissemination and application of provisions concerning the Parent Company and Group Companies, the predicate offences and the provisions of the disciplinary system. The Model also includes organisational procedures – drafted on the basis of the mapping of risk areas – aimed at ensuring adequate supervision.

Together with the adoption of the Organisation, Management and Control Model and in compliance with Article 6.1 b, the Board of Directors set up a Supervisory Body consisting of a panel composed of an external member with high professional skills, the Head of Internal Auditing and the Head of Corporate Legal Affairs of the Parent Company who is responsible for ensuring the Model's effectiveness, compliance and updating.

The main players in the Invitalia Internal Control and Risk Management System are the Board of Directors, the Board of Statutory Auditors, the Supervisory Body, the Independent Auditor Firm, the Head of the Internal Audit Function, the Financial Reporting Officer, the Corruption Prevention Officer and the Anti-Money Laundering Officer, each through the fulfilment of their role and their control duties.

The constituent elements of the Internal Control and Risk Management System of the Company are the organisational structure, the system of powers, the Organisational, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, the Code of Ethics, the Control procedures and protocols, as well as the manuals and Operating Instructions.

Italian Law No. 262 of 28 December 2005 "Provisions for the protection of savings and regulation of financial markets" (Italian Law 262/2005) introduced legislative changes aimed at improving the corporate governance of companies listed on Italian regulated markets and ensuring the reliability, completeness, correctness and timeliness of financial information disclosed to the market.

The model adopted by the Agency is the "Internal Control - Integrated Framework", published in May 2013 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), whose components represent the benchmark in relation to which the ICFR was established, assessed and constantly updated.

The Financial Reporting Officer performs the duties defined in the Bylaws in full compliance with the provisions of Article 154-bis of the Consolidated Law on Finance.

Basically, Invitalia has adopted a three-tier internal control system, as follows:

- level I or line controls, which are incorporated into the IT procedures and assure that operations are performed in line with the company's policies and procedures and that they can be documented and logged. They are performed by the operational units themselves or by teams working exclusively on control tasks, who report to the managers of the operational units;
- level II controls assure the proper implementation of the risk management process and compliance with the operational limits set for the various units, and that the company's operations conform to the applicable law, including the rules of self-governance. They are the responsibility of oversight bodies such as the Risk Manager, Management Control, the Financial Reporting Officer, HS Officer, Anti-corruption/AML Officer & Compliance Officer, the Data Protection Officer and Compliance Manager. Mediocredito Centrale also has a Group Delegate, who is responsible for reporting suspicious transactions for AML purposes;
- level III controls aimed at identifying breaches of procedures and regulations and at periodically evaluating the completeness, adequacy, functionality and reliability of the internal controls and of the Information Systems: these controls are conducted at set intervals, depending on the nature and intensity of the risk and are the responsibility of Internal Audit.

The internal control system is completed and strengthened by the Organisation, Management and Control Model, prepared in compliance with Italian Legislative Decree 231/2001 and updated to align with the anti-corruption laws (Italian Law 190/2012) and all other relevant regulations. The supervisory body, which is an independent, autonomous collective organ, is responsible for verifying the adequacy, effectiveness, efficacy and updating of the Model and for checking that it is implemented and respected by the departmental managers and recipients of the protocols of measures covered by the Model.

The Board of Statutory Auditors supervises the various levels of internal control.

The Code of Ethics and the Organisation, Management and Control Model are published on the websites of all Group companies.

Invitalia, Infratel and IP have each appointed an Anti-corruption and Transparency Officer who, in keeping with the ANAC regulations and guidelines, has prepared the Anti-corruption and Transparency Plan for 2021 together with a report on the work done to prevent and fight corruption. These documents are published on the respective websites. Although Mediocredito Centrale is not required to prepare such a Plan, it does address the issue of fighting corruption against the Public Administration in the context of its own Organisation, Management and Control Model.

All the Group Companies have adopted a whistleblowing procedure and a system for communicating complaints, to allow the reporting of events or behaviours concerning employees or anyone else working for the company that could amount to an omission or an infringement of laws, regulations, the Model or the Code of Ethics, or other irregularity.

Moreover, all business units have been screened for corruption risks. For each of the identified risk areas, control systems have been identified with the aim of preventing crimes of corruption and managing the associated risks. The risk assessment identified 28 processes within the Parent Company's organisation, which include activities that pose a risk and/or could be used to commit crimes of corruption; 21 processes were identified for Infratel. For detailed information about the processes, potential crimes, the offices involved and a description of the elements of risk, see the Plans published on the websites of the parent company, Infratel and IP. Checks have shown that the system of internal controls is essentially adequate. Areas for improvement were identified within the audited processes and corrective measures or actions will be required; their execution will be monitored during the year.

When updating the "Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001", Mediocredito Centrale also updated the assessment of processes that involve activities at risk of the crime of corruption. Mediocredito Centrale adopts the system of control required by the regulatory provisions applicable to banks with regard to conflicts of interest with related parties, with the aim of ensuring that transactions with individuals involved in its decision-making areas are not compromised in terms of objectivity and impartiality. The Bank has thus introduced a policy on decision-making procedures. These procedures are reinforced when evaluating related-party transactions, as they also require the intervention of Independent Directors and impose limits on the at-risk activities. This policy is approved by the Board of Directors, after receiving a binding opinion from the Board of Statutory Auditors and is periodically revised and updated at least every three years.

### **Risk Management System in relation to the financial reporting process, pursuant to Article 123-bis, paragraph 2, point (b) of the Italian Consolidated Finance Act (TUF)**

Below is a description of the main risks identified based on the nature of the risk: counterparty risk, operational risk, compliance risk, reporting risk, liquidity risk, legal risk and fraud risk.

In order to address all these risks, Invitalia adopts the set of procedures and control protocols in the Organisation, Management and Control Model and Code of Ethics. These have been strengthened with the adoption of the National Corruption Prevention and Transparency Plan (CPTP), drafted pursuant to Italian Law 190/2012.

The Internal Audit Office is responsible for undertaking systematic controls and audits to check compliance with company procedures.

In Group companies, control activities are performed at all hierarchical and functional levels of the organisational units, which are committed, in relation to their specific levels of responsibility and assigned tasks, to oversee the processes and operational activities falling within their remit.

In particular, in the case of companies that carry out banking activities, the results of the oversight activities flow into a complex system of reporting and information whose final recipients are the Supervisory Authority and the governing, management and oversight bodies, each within its remit and based on the periodicity and content established in accordance with the external and internal regulations.

The control levels of the banking subsidiaries are as follows:



- line controls (so-called “tier one controls”), aimed at ensuring the proper performance of operations, carried out by the operational units themselves (e.g. hierarchical, systematic and sample-based controls), also through the dedicated control units reporting to the chief officers of the operational units; these are incorporated into IT procedures as far as possible;
- risk and compliance controls (so-called “tier two controls”):
  - Money laundering;
  - Compliance;
  - Risk Management;

which aim, *inter alia*, to ensure the proper implementation of the risk management process; compliance with the limitations assigned to the various units; and compliance of company operations with the applicable regulations, including self-regulations;

- Internal Audit (so-called “tier three controls”), aimed at identifying any violations of the procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the Internal Control and Information System (ICT Audit), with a set frequency depending on the nature and intensity of the risks.

Each Group company implements an Internal Control System consistent with the Group's strategy and policy on controls, in keeping with the instructions received from the Parent Company.

In particular, Cassa di Risparmio di Orvieto has adopted an internal control system outsourced to another Group company (“Outsourcer Company”), which is tasked with performing the relevant internal control functions, with an internal contact person for each outsourced control function (where the role of contact person for the Internal Audit unit is incompatible with that of contact person for other internal control functions).

The control system is consistent with the current structure of the Group and responds to a principle of proportionality, taking into account the size, organisation and business specificities of the individual entities.

Lastly, with regard to transparency, we can report that the relevant Plan was revised following the issue of a bond listed on a regulated market. Consequently, from 20 July 2017, pursuant to the provisions of Article 2-bis, paragraph 2, point (b) of the Decree and Article 26 paragraph 5 of Italian Legislative Decree No. 175/2016, applicability of the provisions pursuant to Italian Legislative Decree No. 33/2013 is excluded for Invitalia and Group companies. Data will continue to be published on the company website, organised according to the format indicated in Annex 1 to the ANAC Resolution No. 1134 of 8 November 2017.

## **Risk Management**

The Parent Company has adopted an Internal Control and Risk Management System (SCIGR) for effectively managing corporate risks, which system is regularly updated and enhances awareness of the risks to which it is potentially exposed, to promote efficient risk management based on prudence and good governance.

The Risk Management model makes use of a methodological and competency-based system that relies on criteria for ensuring consistent assessments, adequate support for key decision-making processes and sufficient reporting to the oversight bodies.

This system consists of a set of rules and procedures, implemented by the organisational units, aimed at adequately identifying, monitoring and managing the main risks, in accordance with the corporate objectives defined by the Board of Directors, to safeguard corporate assets and guarantee the efficiency and effectiveness of corporate processes, the reliability of financial information, and compliance with the applicable laws and regulations, as well as with the Company Bylaws and internal procedures.

As of the end of 2022, the Chief Risk Officer (CRO) position was established, tasked with identifying and mitigating risks in keeping with the Group Risk Appetite Framework and implementing the procedures and policies for controlling these risks.

As far as the banking companies are concerned, the risk control ("Risk Management") function fulfils the relative role – as defined by the regulatory provisions in force – and performs the tasks assigned to it within the framework of the Banking Group's policies approved by the Board of Directors of the Parent Bank (Mediocredito Centrale) and implemented by the Board of Directors of the individual companies.

### Remuneration of executive directors

The Board of Directors of the Parent Company, having regard to the opinion of the Board of Statutory Auditors, is responsible for determining the remuneration of the Chairperson and CEO, pursuant to Article 2389(3) of the Civil Code.

Pursuant to the Bylaws, it is forbidden to pay attendance fees to members of the Board of Directors and Statutory Auditors, and a limit is placed on the amount of remuneration that may be paid to members of committees with advisory or proposal functions set up within the Board, where necessary.

The following remuneration was paid to the Board of Directors in office until 1 July 2022:

- The remuneration pursuant to Article 2389, paragraph 1, of the Italian Civil Code for the Board of Directors and the Chairperson of the Board of Directors, was determined by the General Meeting on 5 December 2019 and, considering that the term of office of the Board appointed at the same General Meeting expired on 1 July 2022, was paid in the measure of six twelfths.

Chairperson	Annual remuneration, term as Chairperson
Remuneration for position	50,000.00
CEO	Annual remuneration, term as Director
Remuneration for position	25,000.00

- At the meeting that took place on 5 December 2019, the Board of Directors, in keeping with the decisions of the General Meeting, granted powers – on the matters authorised by the Meeting – to the Chairperson, Mr Viero, and appointed Mr Arcuri as Chief Executive Officer, vesting him with the relevant powers.

The Board of Directors, in consideration of the powers granted, resolved – in addition to the resolutions passed by the General Meeting on the matter of remuneration, pursuant to Article 2389, paragraph 1, of the Italian Civil Code – to grant the (1) Chairperson a directorship allowance, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, amounting to the gross annual sum of € 57,600.00, and (2) Chief Executive Officer – in addition to the relevant remuneration for his position – a directorship allowance, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, amounting to a (i) fixed part equal to € 160,000.00 gross per year, and (ii) variable part equal to 50% of the fixed one. These allowances were also paid in the measure of six twelfths.

At its meeting taking place on 21 January 2020, the Board of Directors resolved to set up the following Committees:

Remuneration Committee, chaired by Ms Stefania Covello;

Investment Committee, chaired by Mr Sergio Maccagnani;

Risk Committee, chaired by Ms Paola Ciannavei.

Related Parties Committee, chaired by Mr Sergio Maccagnani.

Pursuant to Article 16, paragraph 4, of the Bylaws, each of the committee chairs was awarded a gross annual remuneration of € 7,500.00.

With regard to the Board of Directors in office as of 1 July 2022, the following remuneration was paid:

- The remuneration pursuant to Article 2389, paragraph 1, of the Italian Civil Code for the Board of Directors and the Chairperson of the Board of Directors, was determined by the General Meeting on 6 July 2022 and, considering that the term of office of the Board appointed at the same General Meeting expired on 1 July 2022, was paid in the measure of six twelfths.

Chairperson	Annual remuneration, term as Chairperson
Remuneration for position	50,000.00
CEO	Annual remuneration, term as Director
Remuneration for position	25,000.00

- At the meeting that took place on 8 July 2022, the Board of Directors, in keeping with the decisions of the General Meeting, granted powers – on the matters authorised by the Meeting – to the Chairperson, Mr Rocco Sabelli, and appointed Mr Bernardo Mattarella as Chief Executive Officer, vesting him with the relevant powers.

The Board of Directors, at its meeting of 5 August 2022, in consideration of the powers granted, resolved – in addition to the resolutions passed by the General Meeting on the matter of remuneration, pursuant to Article 2389, paragraph 1, of the Italian Civil Code – to grant the (1) Chairperson a directorship allowance, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, amounting to the gross annual sum of € 50,000.00, and (2) Chief Executive Officer – in addition to the relevant remuneration for his position – a directorship allowance, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, amounting to a (i) fixed part equal to € 160,000.00 gross per year, and (ii) variable part equal to 50% of the fixed one. These allowances were also paid in the measure of six twelfths.

The Chief Executive Officer waived the aforementioned directorship allowance, pursuant to Article 2389, paragraph 3, of the Italian Civil Code for as long as he remains in the position of Chief Executive Officer of Mediocredito Centrale – Mediocredito Centrale.

At its meeting of 5 August 2022, the Board of Directors resolved to establish the following Committees:

Appointments and Remuneration Committee, chaired by Ms Claudia Colaiacomo;

Risk and Related Parties Committee, chaired by Ms Carmela D'Amato.

These committees are composed of the non-executive directors.

Pursuant to Article 16, paragraph 4, of the Bylaws, each of the committee chairs was awarded a gross annual remuneration of € 7,500.00.

## SUBSEQUENT EVENTS

### Acciaierie d'Italia Holding SpA (ADIH)

As resolved by the Extraordinary Shareholders' Meeting of ADIH on 29 Dec. 2022, the shareholders of ADIH, on 15 February 2023, disbursed an equity support measure amounting to € 750 million, by means of a shareholders' loan for future capital increase, of which € 680 million was paid by Invitalia and € 70 million by ArcelorMittal through the conversion of a portion of the receivables of the same amount owed by AM to ADIH.

On 3 March 2023, ADIH entered into two financing agreements for future share capital increase, one in favour of the subsidiary Acciaierie d'Italia S.p.A. for € 630 million, and one in favour of ADI Energia S.r.l. for € 50 million, in order to allocate capital support resources to the operating companies consistent with their management needs.

## Industria Italiana Autobus S.p.A.

In 2022, faced with a loss of € 42 million, the management of Industria Italiana Autobus (IIA) requested the shareholders to reconstitute the company's share capital for € 26.5 million, equal to the losses sustained in 2021 and carried forward in the 2021 financial statements. This capital reconstitution was effected partly through the conversion of the shareholder loan from Invitalia and Leonardo, partly through the conversion of trade payables to the shareholder Karsan, and, for the remaining € 3.9 million, through an injection of liquidity (of which € 2.3 million pro-rata to Invitalia).

The partner Karsan made the conversion of part of its trade receivables conditional on the signing of a *Parent Company Guarantee* by Leonardo and Invitalia, securing the repayment plan for the remaining part of its trade receivables from IIA aimed at the overall closing of the position for € 13 million.

At the end of February 2023, Invitalia was authorised by MIMIT to reconstitute its share capital for a total amount of more than € 11 million, of which € 9 million through the pro-rata conversion into capital of the shareholder loan provided by Invitalia and € 2.3 million as a new cash injection. It also authorised the Agency to use € 7.8 million to issue a *Parent Company Guarantee* to Karsan.

The possible financial continuity of IIA for 2023 was verified by an external advisor, who assessed the sustainability of the business plan proposed by the management of IIA. A financial requirement emerged for 2023 of about € 69 million, with an assumed release of guarantees to IIA customers of about € 45 million. In view of the coverage of the financing requirement, at March 2023, the estimated EBITDA is negative by an amount in excess of € 17 million. In order to achieve financial balance between 2024 and 2025, a significant managerial strengthening of the company and the identification of partners capable of guaranteeing long-term sustainability is required. At the end of March 2023, MIMIT authorised Invitalia to deploy more than € 37 million to meet liquidity needs and almost € 27 million to issue the required signature guarantees. These commitments are from the fund administered on behalf of the state (Development Contracts) and are therefore recorded off balance.

## Mediocredito Centrale

Subordinated loan to Banca Popolare di Bari

As part of the mid-year capital adequacy monitoring activities of the subsidiary Banca Popolare di Bari (BPB), an additional Tier 2 capital (Tier 2) requirement of Euro 60 million emerged, such as to ensure an adequate ongoing capital buffer with respect to the minimum regulatory requirement for the total capital ratio. Therefore, on 28 February 2023, the Board of Directors of Mediocredito Centrale resolved to grant BPB a subordinated unsecured loan of Euro 60 million that can be counted as Tier 2 capital, at a fixed rate of 10.75% and a duration of ten years, with the option of early repayment after five years.

## Inspections

In accordance with an order issued on 22 March 2023, the Bank of Italy carried out an inspection of Mediocredito Centrale pursuant to Article 54 of the Consolidated Banking Act

## FORESEEABLE OUTLOOK FOR OPERATIONS

The current global context is characterised by disruptive challenges with a significant impact on the Italian economy as a whole (the so-called "Sistema Italia"):

- Escalating geopolitical tensions, such as the conflict between Russia and Ukraine, the Covid 19 pandemic, and the semiconductor crisis continue to place strains on numerous supply chains.
- The inflationary spiral with inflation rates that have reached record levels, for over two decades, has had a major impact on input costs.
- The difficulty of access to credit for banks and businesses, due to rising interest rates and the increased perception of risk due to the recession scenario.
- Price volatility for raw materials and energy have reached record levels in years, with disruptive impacts on businesses and communities.

- The risk of recession with the likely shrinking of the economy and significant impact on the Italian economic system (businesses, government bodies and communities).
- As interest rates rise in line with the rising cost of debt, this has a negative impact on the financing capacity of companies and governments.

Against this background, in October 2022, December 2022 and February 2023, the Governing Council of the ECB raised the policy rates (by 75, 50 and 50 bps respectively), announcing that they would still have to increase significantly and at a steady pace to support a timely return of inflation to the medium-term target.

Moreover, the 2023 Budget Law approved by Parliament increased the deficit by 1.1 percentage points of GDP in 2023; the debt-to-GDP ratio is expected to grow only slightly in 2023, partly also thanks to inflation, while from 2024 onwards the Stability Pact (currently suspended) will be back, so that the Italian economy will no longer be able to rely on expansionary budget policies and only the projects financed by the NRRP will be able to support actual growth and, if properly deployed, potential growth.

The current scenario, as outlined, calls for reflection on the main challenges that the country will be facing and to which the Group will be required to make its contribution: the ecological transition, the modernization and reform of Government and the ensuing acceleration of the NRRP spending programmes.

Within the NRRP, some € 85 billion are earmarked for the ecological transition and sustainable mobility projects, with the aim, *inter alia*, of coordinating measures to achieve de-carbonisation objective by 2050. Within the framework of measures for the protection of land and water resources, the NRRP allocates € 4.38 billion to the sustainable management of water resources along the entire cycle, with the aim of improving the environmental quality of marine and inland waters. These are fundamental resources to begin a profound overhaul of infrastructure and management.

Among the challenges in coming years, the modernisation and reform of Government, supported by almost € 10 billion in total allocated by the NRRP, integrates several objectives: digitalisation, increasing human capital through new recruitment and training, and the simplification of administrative processes. The digitisation of the Italian Public Administration suffers from a lack of investment in ICT, despite the acceleration in the last two years. Among the main obstacles to digitisation, all entities report skills and training deficits. Although the health emergency has led to a general improvement in the implementation of and familiarity with online public services, there remains a significant gap with the EU average in the use of services by citizens, especially for the less skilled.

In addition to the new challenges, for the next few years the Group will continue to operate within its field, specifically programme management, contracting authority and central procurement entity activities, and implementing complex projects, focusing its attention and expertise on rescuing areas and companies in crisis, in order to effectively fulfil the programmes approved by the CIPE for requalifying supplies and contrasting industrial delocalisation. The Group is playing a leading role in and accelerating the public investment programmes of the NRRP, and the new 2021-2027 programme, which are already underway, with regard to both spending programmes and its time-tested ability to strengthen the Public Administration in supporting these commitments.

The Group is committed to focusing its efforts on supporting the strengthening of collaborations with all Administrations for activities ranging from the programming, management and monitoring of financial resources to the management of tendering procedures for local authorities and enterprises, including: Ministry of the Interior, Ministry of Health, Ministry of Labour and Social Policies, Ministry of the Environment and Energy Security, Ministry of University and Research, Department for Economic Policy Planning and Coordination (DIPE), Ministry of Infrastructure and Transport, Ministry of Agriculture, Food Sovereignty and Forestry, Ministry of Tourism, Commissioners for Reconstruction.

Finally, it is called on to cooperate actively with the spending authorities in implementing the NRRP projects, and the related Complementary Plan, and the relevant implementation procedures, for the benefit of the implementing units.

Against this backdrop, and within the current framework, as outlined herein, the Group will continue to operate by implementing all the support measures envisaged, providing support in every area in which the Agency is called

to operate, taking into account its consolidated experience in supporting public administrations, with particular regard to the implementation of the investment projects included in the NRRP.

For more details on the main business developments, please refer to the chapters commenting on the financial results and risk factors.

# Consolidated Financial Statements

## Balance Sheet

BALANCE SHEET	31.12.2022	31.12.2021
<b>ASSETS</b>		
10. CASH AND CASH EQUIVALENTS	223,465	434,836
20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	172,716	100,684
<i>a) Financial assets held for trading</i>	13,356	18,981
<i>b) Financial assets designated at fair value</i>	-	-
<i>c) Other financial assets mandatorily   measured at fair value</i>	159,360	81,703
30. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	1,178,814	924,818
40. FINANCIAL ASSETS MEASURED AT AMORTISED COST	5,575,663	3,606,638
<i>a) Loans to banks</i>	1,064,022	521,242
<i>b) Loans to financial companies</i>	320,056	207,072
<i>c) Loans to customers</i>	4,191,585	2,878,324
50. HEDGING DERIVATIVES	26,930	72,272
70. EQUITY INVESTMENTS	897,978	885,084
80. PROPERTY, PLANT AND EQUIPMENT	289,849	211,272
90. INTANGIBLE ASSETS	171,883	87,818
100. TAX ASSETS	79,538	40,551
<i>a) Current</i>	17,550	10,931
<i>b) Deferred</i>	61,988	29,620
110. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	84,590	212,395
120. OTHER ASSETS	842,780	639,037
<b>TOTAL ASSETS</b>	<b>9,544,206</b>	<b>7,215,405</b>



BALANCE SHEET	31.12.2022	31.12.2021
<b>LIABILITIES</b>		
10. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
COST	5,259,487	3,542,158
a) <i>Payables</i>	4,405,412	2,665,749
b) <i>Securities issued</i>	854,075	876,409
40. HEDGING DERIVATIVES	20,675	1,265
50. FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS (+/-)		
	-	-
60. TAX LIABILITIES	4,983	3,129
a) <i>Current</i>	3,964	3,087
b) <i>Deferred</i>	1,019	42
70. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		
	6,285	14,580
80. OTHER LIABILITIES	3,389,425	2,729,993
90. EMPLOYEE TERMINATION INDEMNITIES	10,734	11,016
100. PROVISIONS FOR RISKS AND CHARGES		
a) Commitments and guarantees given	2,576	3,958
b) Pensions and similar obligations	3,363	3,091
c) Other Provisions for Risks and Charges	43,290	32,525
110. CAPITAL	836,384	836,384
150. RESERVES	20,317	(44,478)
160. VALUATION RESERVES	(34,420)	(2,662)
170. PROFIT (LOSS) FOR THE YEAR	(31,081)	84,452
180. MINORITY SHAREHOLDERS' EQUITY (+/-)	12,188	(6)
<b>TOTAL</b>	<b>9,544,206</b>	<b>7,215,405</b>

## Income Statement

INCOME STATEMENT	31.12.2022	31.12.2021
10. INTEREST AND SIMILAR INCOME	61,927	57,585
of which: interest calculated using the effective interest method	60,201	49,105
20. INTEREST AND SIMILAR EXPENSE	(34,704)	(29,972)
<b>30. NET INTEREST INCOME</b>	<b>27,223</b>	<b>27,613</b>
40. FEE AND COMMISSION INCOME	470,865	525,257
50. FEE AND COMMISSION EXPENSE	(258,170)	(210,468)
<b>60. NET COMMISSIONS INCOME</b>	<b>212,695</b>	<b>314,789</b>
70. DIVIDENDS AND SIMILAR INCOME	9	
80. NET RESULT FROM TRADING ACTIVITIES	(2,179)	187
90. NET RESULT FROM HEDGING ACTIVITIES	553	222
100. PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:	1,052	2,315
a) Financial assets measured at amortised cost	90	495
b) Financial assets measured at fair value through other comprehensive income	962	1,820
110. NET RESULT OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)	(6,835)	504
a) Financial assets and liabilities designated at fair value	-	-
b) Other financial assets mandatorily measured at fair value	(6,835)	504
<b>120. NET INTEREST AND OTHER BANKING INCOME</b>	<b>232,518</b>	<b>345,630</b>
130. NET LOSSES/RECOVERIES FOR CREDIT RISKS ASSOCIATED WITH:	(4,107)	(38,112)
a) Financial assets measured at amortised cost	(4,141)	(38,288)
b) Financial assets measured at fair value through other comprehensive income	34	176
140. PROFITS/LOSSES FROM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	(12)	(897)
<b>150. NET INCOME FROM FINANCIAL ACTIVITIES</b>	<b>228,399</b>	<b>306,621</b>
160. ADMINISTRATIVE EXPENSES:	(244,005)	(215,279)
a) Personnel expenses	(188,716)	(166,316)
b) Other administrative expenses	(55,289)	(48,963)
170. NET PROVISIONS FOR RISKS AND CHARGES	(8,490)	(4,984)
a) Commitments for guarantees given	1,533	590
b) Other net provisions	(10,023)	(5,574)
180. NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT	(21,992)	(20,712)
190. NET ADJUSTMENTS TO INTANGIBLE ASSETS	(13,337)	(8,024)
200. OTHER OPERATING INCOME/EXPENSES	59,759	39,399
<b>210. OPERATING EXPENSES</b>	<b>(228,065)</b>	<b>(209,600)</b>
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	1,348	4,367
250. PROFIT (LOSS) ON DISPOSAL OF INVESTMENTS	-	-
<b>260. PROFIT (LOSS) ON CONTINUING OPERATIONS BEFORE TAXES</b>	<b>1,682</b>	<b>101,388</b>
270. INCOME TAX FOR THE YEAR FROM CONTINUING OPERATIONS	(14,819)	(19,826)
<b>280. PROFIT (LOSS) ON CONTINUING OPERATIONS AFTER TAXES</b>	<b>(13,137)</b>	<b>81,562</b>
290. PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAXES	(17,944)	2,890
<b>300. PROFIT (LOSS) OF THE YEAR</b>	<b>(31,081)</b>	<b>84,452</b>
310. MINORITY PROFIT (LOSS) OF THE YEAR	-	-
<b>320. PARENT COMPANY'S PROFIT (LOSS) OF THE YEAR</b>	<b>(31,081)</b>	<b>84,452</b>

## STATEMENT OF OTHER COMPREHENSIVE INCOME

Items	31/12/2022	31/12/2021
<b>Profit (loss) for the year</b>	<b>(31,081)</b>	<b>84,452</b>
<b>Other comprehensive income after tax not reclassified to profit and loss</b>	<b>(3,198)</b>	<b>(10,699)</b>
Equity instruments designated at fair value through other comprehensive income:		-
a) change in fair value	(4,253)	(1,216)
Defined-benefit plans	1,055	(108)
Reserve Art. 47	(9,654)	(9,375)
<b>Other comprehensive income after tax not reclassified to profit and loss</b>	<b>(26,043)</b>	<b>(3,839)</b>
Financial assets (different from equity instruments) measured at fair value through other comprehensive income:	(26,043)	(3,839)
a) changes in fair value	(26,043)	(3,839)
<b>Total other comprehensive income after tax</b>	<b>(29,241)</b>	<b>(14,539)</b>
<b>Other comprehensive income (Items 10+190)</b>	<b>(60,221)</b>	<b>69,913</b>
Minority consolidated other comprehensive income	(781)	-
<b>Parent Company's consolidated other comprehensive income</b>	<b>(59,440)</b>	<b>69,913</b>

Statement of changes in shareholders' equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31/12/2020 - 31/12/2021															
	Balance at 31/12/2020	Changing opening balances	Balance at 01/01/2021	Allocation of previous year's result		Changes in reserves	Changes in the financial year						Overall income for the year 2021	Group shareholders' equity at 31/12/2021	Minority shareholders' equity at 31/12/2021
				Reserves	Dividends and other allocations		Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Changes in capital instruments	Other changes				
Capital	836,384		836,384											836,384	
Reserves	(68,453)		(68,453)	36,897	-	(3,547)							(9,375)	(44,478)	(6)
a) Profit reserves	(50,678)		(50,678)	36,897		(11,223)								(25,004)	
b) Other reserves	(17,775)		(17,775)			7,676								(19,474)	
- pursuant to Art. 47 of It. Leg. Decr. of 19/5/2020	(20,456)		(20,456)			7,634								(22,197)	
Valuation reserves	720		720			1,782							(5,164)	(2,662)	
Profit (loss) for the year	36,897		36,897	(36,897)									84,452	84,452	
<b>Total shareholders' equity</b>	<b>805,548</b>	<b>-</b>	<b>805,548</b>	<b>-</b>	<b>-</b>	<b>(1,765)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,913</b>	<b>873,696</b>	<b>(6)</b>
<b>Minority shareholders' equity</b>	<b>(5)</b>		<b>(5)</b>												<b>(6)</b>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31/12/2021 - 31/12/2022														
	Balance at 31/12/2021	Changing opening balances	Balance at 01/01/2022	Allocation of previous year's result		Changes in the financial year				Overall income year at 31/12/2022	Group shareholders' equity at 31/12/2022	Minority shareholders' equity at 31/12/2022		
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary dividend distribution				Changes in capital instruments	Other changes
Capital	836,384	-	836,384	-	-	-	-	-	-	-	-	836,384	-	
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves	(44,478)	-	(44,478)	84,452	-	(20,468)	-	-	-	-	-	19,506	-	
- profit reserves	(25,004)	-	(25,004)	84,452	-	672	-	-	-	-	-	60,120	-	
- other reserves	(19,474)	-	(19,474)	-	-	(21,140)	-	-	-	-	-	(40,614)	-	
pursuant to Art. 47 of It. Leg. Decr. of 19/5/2020	(22,197)	-	(22,197)	-	-	-	-	-	-	-	-	(31,851)	(9,654)	
Valuation reserves	(2,662)	-	(2,662)	-	-	(1,807)	-	-	-	-	-	(33,609)	(29,140)	
Profit (loss) of the year	84,452	-	84,452	(84,452)	-	-	-	-	-	-	-	(31,081)	(31,081)	
Group's shareholders' equity	873,696	-	873,696	-	(22,275)	-	-	-	-	-	-	791,200	(60,221)	
Minority shareholders' equity	(6)	-	(6)	-	-	12,975	-	-	-	-	-	(781)	(781)	
														12,188

**Cash Flow Statement (Indirect Method)**

A. OPERATING ACTIVITIES	Amount	
	31.12.2022	31.12.2021
<b>1. Cash flow from operations</b>	<b>71,948</b>	<b>175,466</b>
- result for the year (+/-)	(31,081)	84,452
- capital gains/losses on financial assets held for trading and on other assets/liabilities at fair value through profit or loss (-/+)	8,709	(695)
- capital gains/losses on hedges (-/+)	(553)	(222)
- net value losses/recoveries for credit risk (+/-)	14,520	38,112
- net value adjustments/reversals on property, plant and equipment and on intangible fixed assets (+/-)	37,135	28,738
- net provisions for risks and charges and other costs/revenues (+/-)	(3,723)	4,984
- taxes and tax credit not liquidated (+/-)	16,285	19,824
- net value adjustments/write-backs on discontinued operations after tax effects (-/+)	31,738	305
- other adjustments (+/-)	(1,083)	(32)
<b>2. Cash generated/absorbed by financial assets</b>	<b>(856,485)</b>	<b>(256,278)</b>
- financial assets held for trading	3,763	(6,997)
- financial assets at fair value	-	-
- other assets mandatorily measured at fair value	9,550	(7,387)
- financial assets measured at fair value through other comprehensive income	(180,426)	19,833
- financial assets measured at amortised cost	(174,385)	6,229
- other assets	(514,988)	(267,956)
<b>3. Cash generated/absorbed by financial liabilities</b>	<b>711,110</b>	<b>503,948</b>
- financial liabilities measured at amortised cost	141,925	391,106
- due to banks	-	-
- due to financial companies	(2,497)	-
- due to customers	-	-
- financial liabilities measured at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	571,682	112,842
<b>Net cash generated/absorbed by operating activities</b>	<b>(73,427)</b>	<b>423,136</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash generated by</b>	<b>20</b>	<b>3</b>
- sales of equity investments	-	-
- dividends received on equity investments	-	-
- sales of Property, plant and equipment	20	3
- sales of Intangible assets	-	-
- sales of business units	-	-
<b>2. Cash absorbed by</b>	<b>(164,963)</b>	<b>(92,769)</b>
- purchases of equity investments	(59,938)	(2,972)

- purchases of property, plant and equipment	(1,980)	(28,636)
- purchases of intangible assets	(103,045)	(61,161)
- acquisitions of subsidiaries and business units		
<b>Net cash generated/absorbed by investing activities</b>	<b>(164,943)</b>	<b>(92,766)</b>
<b>C. FUNDING ACTIVITIES</b>		
- issues/purchases of own shares	26,999	
- issues/purchases of equity instruments	-	
- dividend distribution and other purposes	-	
- sale/purchase of third-party control	-	
<b>Net cash generated/absorbed by financing activities</b>	<b>26,999</b>	<b>-</b>
<b>NET CASH GENERATED/ABSORBED DURING THE YEAR</b>	<b>(211,371)</b>	<b>330,370</b>

**Key**

(+) generated

(-) absorbed

**RECONCILIATION**

Financial statement items		
	31.12.2022	31.12.2021
<b>Cash and cash equivalents at the beginning of the year</b>	<b>434,836</b>	<b>104,466</b>
Total net cash generated/absorbed during the year	(211,371)	330,370
<b>Cash and cash equivalents at year-end</b>	<b>223,465</b>	<b>434,836</b>

# Notes to the Consolidated Financial Statements



## Part A - ACCOUNTING POLICIES

### A.1 - General Section

#### Section 1 - Declaration of Compliance with International Financial Reporting Standards

These Consolidated Financial Statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2022, as provided for by European Union Regulation No. 1606/2002 implemented in Italy by Legislative Decree No. 38 dated 28 February 2005 with the exception of the derogation on the application of these standards used by the parent company as provided for by Art. 47 of Law Decree No. 77 dated 19 May 2020 converted by Law No. 77 dated 17 July 2020 (hereinafter 'Art. 47') and described below, for the purposes of preparing these financial statements in accordance with the provisions of paragraph 19 of IAS 1 in the presence of extremely rare circumstances.

In this regard, in application of the provisions of paragraph 20 of IAS 1, the Directors note that they:

1. believe that the financial statements present a reliable representation of the Group's financial and equity position, its economic results and cash flows;
2. have complied with the applicable IFRS, except for having disregarded the provisions of international accounting standard IFRS 5, in order to obtain a reliable representation, by recording the impact of its application in the statement of comprehensive income rather than in the income statement as required by Art. 47. The total 'Art. 47 reserve' as of 31.12.2022 is equal to € 31,851,702 (as of 31.12.2021 equal to € 22,197,229) and is broken down into:
  - € 17,789,486 (of which € 4,329,473 related to valuations/realisations made in 2022 and therefore recognised in the statement of comprehensive income instead of in the current year's income statement and € 13,460,013 already accounted for at 31 December 2021) relative to the fair value valuation less cost to sell of real estate assets held by Italia Turismo;
  - € 13,963,216 (of which € 5,325,000 related to valuations carried out in 2022 and therefore recognised in the statement of comprehensive income rather than in the current year's income statement and € 8,638,216 already accounted for at 31 December 2021) related to the fair value valuation, less cost to sell of real estate assets held by Invitalia Partecipazioni.

In the preparation of the consolidated financial statements, the formats and compilation rules set forth in the provision of the Governor of the Bank of Italy dated 29 October 2021 "IFRS instructions for financial statements of intermediaries other than banking intermediaries" have been complied with, also taking into account the Bank of Italy's communication of 21 December 2021 on the impacts of COVID-19, measures to support the economy and amendments to the IAS/IFRS (hereinafter the "Instructions").

In this regard, it should be noted that the Agency was exempted by MEF decree dated 10 October 2012 from the application of the rules under Title V of the T.U.B. (Consolidated Law on Banking), as it is subject to other equivalent forms of supervision (MEF, Court of Auditors). This exemption does not change its nature as a "Financial Intermediary" and, consequently, has no impact on governance of the financial statements previously indicated and applied with continuity over time.

In particular, for the purposes of the preparation of its financial statements, Invitalia considered the use of the Instructions to be the preferable solution, the result of a specific choice rather than an obligation: in fact, the obligation to use the Bank of Italy's Instructions for the preparation of consolidated financial statements falls exclusively on the entities listed in paragraph 1.1 of the Instructions. Since Invitalia's name does not appear on the afore mentioned list, it has the option but not the obligation to prepare its financial statements in accordance with the afore mentioned Instructions. It is, however, obligated to use IAS/IFRS as an issuer of listed debt instruments. This approach was also confirmed by a *pro veritate* legal opinion issued by a qualified professional.

## Derogation from the Application of International Accounting Standards

As mentioned above, when preparing these financial statements, limited to certain aspects and for reasons described below, the decision was made to derogate from the accounting standards issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2021, as required by European Union Regulation No. 1606/2002, implemented by Italian Legislative Decree No. 38 dated 28 February 2005.

### Reasons for the derogation

During the 2020 financial year, a specific legal provision took effect that governs certain accounting aspects connected with operations to dispose of real estate assets made by the Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. - Invitalia. More specifically, this is Article 47 of Law Decree No. 77 dated 19 May 2020 converted by Law No. 77 dated 17 July 2020 (the so-called 'Relaunch Decree'), which provides as follows: *'In order to ensure the full and effective performance of the corporate mission and the achievement of the objectives set forth in the business plan and by the legislation in force, Invitalia S.p.A. is authorised to record exclusively in its balance sheet accounts any decreases resulting from the real estate rationalisation and disposal operations carried out, including through newly incorporated or publicly controlled companies, including those indirectly controlled. The provisions of Article 1(461), last period, of Law No. 296 dated 27 December 2006 apply to reorganisation and transfer operations'*.

This article governs certain accounting profiles related to real estate disposal transactions by Invitalia in order to ensure the full and effective performance of the company's mission and the achievement of the objectives set forth in the business plan and in current legislation, establishing that the effects of these operations be recognised in the statement of comprehensive income rather than in the income statement. The business plan, prepared and approved by the parent company Invitalia S.p.A. and by MISE (now MIMIT), having an entire Group scope, indicates the actions to be implemented by both Invitalia and its subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A., and is binding for these subsidiaries, which own most of the assets being reorganised.

In this context, Invitalia signed an agreement with Investimenti Immobiliari Italiani SGR SpA – which was amended several times (the last amendment took place on 21 April 2023) to both the scope of the assets included in the afore mentioned agreement and the reference timeframe - also controlled, like Invitalia, by the MEF, which defined all the main areas of the overall real estate reorganization/rationalisation and disposal operations. The scope is composed mostly of assets held by the fully-controlled subsidiaries Italia Turismo SpA and Invitalia Partecipazioni SpA.

In this regard, pending the completion of these real estate rationalisation and disposal operations, the following accounting methods described above have been used:

- in the consolidated and separate financial statements: for write-downs resulting from the alignment of the book value to the market value less costs to sell, if lower, of the real estate assets included in the afore mentioned real estate transactions in accordance with IFRS 5
- in the separate financial statements only: for the write-down arising from the alignment of the book value to the market value less costs to sell in respect of the equity investment classified as per IFRS 5, limited to the portion of this write-down deriving from aligning the book value of real estate assets included in the cited real estate operation held by the subsidiary only if the market value was lower
- in the separate financial statements only: for the registration of impairment in accordance with IAS 36 relative to the equity investment not classified as per IFRS 5, limited to the component arising from the alignment of the book value to the market value, if lower, of the real estate assets included in the aforesaid real estate transaction held by the subsidiary

In this context, Invitalia requested and obtained an authoritative opinion, with the support of which it concluded that:

- there is no incompatibility between the provisions of Article 47 of the Relaunch Decree and the EU source governing IAS/IFRS, which allows exceptions in extremely rare circumstances;
- Article 47 of the Relaunch Decree represents a clear case of an extremely rare circumstance, such as to justify the non-application of the ordinary IAS/IFRS rules regarding the representation in financial

- statements of decreases in the value of real estate generated as a result of a rationalisation operation provided for in the business plan implementing the specific legislation on the subject;
- for accounting purposes, such decreases relative to the group of real estate assets nearing sale should, based on their nature, first pass through 'other components of the statement of comprehensive income' in IAS/IFRS financial statements and then be recognised as a reduction of shareholders' equity.

It is held that the application of the provisions of Article 47 of the Relaunch Decree constitutes a sort of legal 'extremely rare circumstance' that justifies the temporary non-application of the ordinary rules, to make use of a rule indicated in the reference accounting standards, for the following reasons stated in the aforementioned opinion:

- 1) This is an extremely rare circumstance, entirely unprecedented: the exceptionality of the case emerges clearly in the opening words of the regulation ('In order to ensure the full and effective performance of the company's mission and the achievement of the objectives set out in the business plan and in the regulations in force, Invitalia S.p.A. is authorised ...').
- 2) Invitalia and its subsidiaries carry out the disposal operations within a well-defined regulatory framework: this is a required action, to be carried out despite the entirely extraordinary global situation created by the Covid 19 pandemic. A situation completely out of the ordinary, unprecedented in the modern economic context, which is noted in the technical report for the Relaunch Decree, which, in commenting on Article 47, recalls that the rationalisation plan to which Invitalia and its subsidiaries are bound is being carried out at a particularly unfavourable moment in terms of the general economy and more specifically the real estate sector, so much so as to call for a limited timeframe for its implementation.
- 3) Hence, in this exceptional situation, it can be legitimately asked why ordinary representation "would be so misleading as to conflict with the purposes of the financial statements". The purpose of the financial statements is to provide useful information to capital providers to allow them to make decisions about the company. It seems legitimate to assume, in the present case, that a representation of decreases in values imposed by the fulfilment of a regulation and carried out in an entirely exceptional circumstance, such as the present one, would lead to misleading results; the income thus determined would not faithfully represent the company's performance, let alone the management's ability to manage the company's resources. The concomitance of a regulatory framework with which Invitalia and its subsidiaries must comply, together with the exceptionality of the moment, would render such a result entirely meaningless and incapable of providing useful elements regarding the income and cash flows that the company (Invitalia) is capable of producing in the future.
- 4) It is substantially a loss required by the law from which the directors cannot escape given the regulatory framework in which they operate and the tasks assigned by law to Invitalia and its subsidiaries.
- 5) In this perspective, it can be concluded that Article 47 of the Relaunch Decree is a clear case of a regulatory extremely rare circumstance, such as to justify the non-application of the ordinary rules on the subject of the representation in the financial statements of decreases in the value of real estate generated as a result of the rationalisation operation provided for by the business plan with which the specific legislation on the subject is implemented.
- 6) For the sake of completeness, it should be noted that the provision under consideration is part of a set of legislative initiatives undertaken since the beginning of the current health emergency in Italy. It is a succession of laws characterised by the need to introduce extraordinary rules and derogations from general rules.

The reasons why it is believed that the equity and economic effects associated with the real estate rationalisation and disposal operations can be recognised in Invitalia's financial statements without passing through the income statement lie in the mandatory nature of the derogation envisaged: a rule that imposes an obligation upon the occurrence of an extremely rare circumstance.

When the recoverable or realisable value based on market trends is lower than the book value, it will be necessary to write-down the property to adjust its value. In this regard, it should be emphasised that both the losses recognised in 2020 and 2021 and those recognised in 2022 are the manifestation of the same extremely rare circumstance that allows such losses not to be recorded in the income statement.

The indications provided above apply both to the financial statements of Invitalia and to those of the subsidiaries holding the real estate covered by the rationalisation and disposal plan.

### Economic/equity effects of the derogation for the Invitalia financial statements

The impact of the afore mentioned derogation on Invitalia's consolidated income statement for the year ended 31 December 2022 amounts to approximately € 9.6 million in lower costs, distributed according to the events indicated above, and, therefore, the application of this derogation determined a negative result for the year ending on 31 December 2022 that was better than the result that would have been recorded in the absence of this derogation for the same amount.

Overall, as mentioned above, the Art. 47 reserve recorded in the Agency's consolidated shareholders' equity amounted to approximately € 31.9 million as at 31 December 2022.

The derogation had no impacts on the final shareholders' equity as at 31 December 2022 and on the Group's financial situation.

### **IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2022**

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2022:

- On 14 May 2020, IASB published the following amendments:
  - **Amendments to IFRS 3 - Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without resulting in any changes to the provisions of the standard.
  - **Amendments to IAS 16 - Property, Plant and Equipment:** the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recorded in the income statement.
  - **Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that in estimating whether a contract is onerous, all costs directly pertaining to the contract should be considered. Accordingly, the assessment of whether a contract is onerous includes not only the incremental costs (such as, for example, the cost of direct materials used in production), but also any costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the depreciation expense for the equipment used to fulfil the contract).
  - **Annual Improvements 2018-2020:** amendments were made to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, IFRS 9 - *Financial Instruments*, IAS 41 - *Agriculture* and to the *Illustrative Examples* of IFRS 16 - *Leases*.

The adoption of these amendments had no impact on the Group's consolidated financial statements.

### **ACCOUNTING STANDARDS, IFRS AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET OF MANDATORY APPLICATION AND NOT ADOPTED EARLY AS AT 31 DECEMBER 2022**

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - *Insurance Contracts*.

The purpose of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting standards, providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability between entities belonging to this sector.

The new principle measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation Approach ('PAA').

The main features of the General Model are:

- estimates and assumptions of future cash flows are always the current ones;
- measurement reflects the time value of money;
- estimates involve extensive use of observable market information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at first-time recording; and,
- the expected profit is measured over the contractual hedging period, taking into account adjustments resulting from changes in the cash flow assumptions for each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of first-time recording, the entity reasonably expects the liability to be an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim arose.

An entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

The standard is effective from 1 January 2023 although early application is allowed but only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. The directors do not expect a material effect on the Group's consolidated financial statements due to the adoption of this standard.

- On 9 December 2021, the IASB published: '**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information**'. The amendment is a transitional option relating to comparative information on financial assets presented at the date of first-time application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities for insurance contracts, and thus to improve the usefulness of comparative information of financial statements for readers. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect a significant effect on the Group's consolidated financial statements due to the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments: '**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**' and '**Definition of Accounting Estimates - Amendments to IAS 8**'. The amendments are intended to improve the disclosure on accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The changes will apply from 1 January 2023, but earlier application is allowed. The directors do not expect a significant effect on the Company's financial statements due to the adoption of these amendments.
- On 7 May 2021, the IASB published: '**Amendments to IAS 12 Income Taxes: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction**'. The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from

1 January 2023, but earlier application is allowed. The directors do not expect a significant effect on the Group's consolidated financial statements.

## **IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION**

As of the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published '**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**' and on 31 October 2022 it published '**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**'. The purpose of the documents is to clarify how to classify payables and other short-term or long-term liabilities. The amendments take effect on 1 January 2024; however, earlier application is allowed. The directors do not expect a significant effect on the Group's consolidated financial statements.
- On 22 September 2022, the IASB published '**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**'. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is allowed. The directors do not expect a significant effect on the Group's consolidated financial statements due to the adoption of this amendment.
- On 30 January 2014, the IASB published **IFRS 14 - Regulatory Deferral Accounts**, which allows only first-time adopters of IFRSs to continue to recognise amounts related to rate regulation activities under the previously adopted accounting standards. As the Group is not a first-time adopter, this standard is not applicable.

### **Section 2 - General Principles of Preparation**

The consolidated financial statements are prepared in accordance with the general principles referred to in the 'Systematic Framework' (Framework) for the preparation and presentation of financial statements. Therefore, the financial statements are prepared in accordance with the accrual basis accounting principle and on the basis of the assumption of the entity being a 'going concern'. The general principles of information relevance and significance and the prevalence of substance over form have been taken into account in the preparation. Each relevant class of similar items is presented separately in the financial statements. Items of a dissimilar nature or purpose are presented separately unless they are irrelevant. Assets and liabilities, income and expenses are not offset unless required or permitted by a standard or an interpretation.

In preparing the Financial Statements as at 31 December 2022, account was also taken, to the extent that they are applicable:

- interpretative and supporting documents for the application of accounting standards in relation to the impacts of the Covid-19 pandemic, issued by Italian and European regulatory and supervisory bodies as well as by standard setters;
- the indications of ESMA which, on 13 May 2022, published the Public Statement '*Implications of Russia's invasion of Ukraine on half-yearly financial reports*', regarding the accounting effects of the Russia-Ukraine conflict on financial reporting.

The Consolidated Financial Statements consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Financial Statements, and are accompanied by the Directors' Report on Operations.

In addition to the balances for the current year, the accounting statements and tables in the notes to the financial statements also present the corresponding comparative amounts for the previous year.

Unless otherwise indicated, the tables in the notes to the financial statements are drawn up in thousands of euros, in the same way as the financial statements mentioned above.

In accordance with Article 5 of Legislative Decree No. 38/2005, the Consolidated Financial Statements are prepared using the Euro as the accounting currency.

These consolidated financial statements were approved by the Board of Directors on 30 May 2023.

No exemptions to the application of IAS/IFRS were made except for the afore mentioned exemption to the application of these standards used by the Group as provided for in Article 47 of Law Decree No. 77 dated 19 May 2020 converted by Law No. 77 dated 17 July 2020.

The following documents were taken into account for interpretation purposes and application support:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC Interpretation Documents;
- Interpretation documents on the application of IFRS in Italy prepared by the Italian Accounting Body (OIC);
- Documents issued by EBA, ESMA and Consob concerning the application of specific IFRS provisions.

The following general principles dictated by IAS 1 - 'Presentation of Financial Statements' have been applied in the preparation of these financial statements:

- Going concern: in the analyses performed, it was assessed that the Group will continue to operate as a going concern for the foreseeable future, taking into account all the available medium-term information. In addition, the balance sheet and financial structure and operating performance do not present any signs that could lead to uncertainties on this specific point and, consequently, the financial statements have been prepared on a going concern basis;
- Accrual basis: management events are recognised in Invitalia's accounts and financial statements (with the exception of cash flow reporting) at the time of their economic accrual and regardless of their actual date of payment, and costs and revenues are recognised in the income statement on the basis of the correlation criterion;
- Materiality and Aggregation: all items containing assets, liabilities, costs or revenue of a similar nature and characteristics are presented separately in the financial statements, unless they are irrelevant;
- Offsetting: no offsetting was carried out between assets and liabilities or income and costs, except where expressly required or permitted in Bank of Italy instructions, an accounting standard or an interpretation;
- Periodicity of reporting: Invitalia prepares these financial statements, presenting the relevant information, on an annual basis, and compared to past years, there have been no changes in the closing date of its financial year, which continues to be 31 December of each year;
- Comparative information: comparative information is presented for two consecutive financial years (the current and the previous year). This comparative information, both referring to the closing date of the financial year considered, is provided for each of the individual documents that make up the financial statements, including their Notes.

### **Section 3 – Subsequent events after the reporting period**

No events occurred after the reporting date that would cause an adjustment to the Group's economic results and financial position, as required by IAS 10 par. 10. Referring also to the section 'Subsequent Events' in the Report on Operations, the following events in particular should be noted:

#### **Acciaierie d'Italia Holding SpA (ADIH)**

As resolved by the Extraordinary Shareholders' Meeting of ADIH on 29 December 2022, the shareholders of ADIH, on 15 February 2023, disbursed an equity support measure amounting to € 750 million, by means of a shareholders' loan for future capital increase, of which € 680 million was paid by Invitalia and € 70 million by ArcelorMittal through the conversion of a portion of the receivables of the same amount owed by AM to ADIH.

On 3 March 2023, ADIH entered into two financing agreements for future share capital increase, one in favour of the subsidiary Acciaierie d'Italia S.p.A. for € 630 million, and one in favour of ADI Energia S.r.l. for € 50 million, in order to allocate capital support resources to the operating companies consistent with their management needs.

#### **Industria Italiana Autobus S.p.A.**

In 2022, faced with a loss of € 42 million, the management of Industria Italiana Autobus (IIA) requested the shareholders to reconstitute the company's share capital for € 26.5 million, equal to the losses sustained in 2021 and carried forward in the 2021 financial statements. This capital reconstitution was effected partly through the conversion of the shareholder loan from Invitalia and Leonardo, partly through the conversion of trade payables to the shareholder Karsan, and, for the remaining € 3.9 million, through an injection of cash (of which € 2.3 million pro-rata to Invitalia).

The shareholder Karsan made the conversion of part of its trade receivables conditional on the signing of a *Parent Company Guarantee* by Leonardo and Invitalia, securing the repayment plan for the remaining part of its trade receivables from IIA aimed at the overall closing of the position for € 13 million.

At the end of February 2023, Invitalia was authorised by MIMIT to reconstitute its share capital for a total amount of more than € 11 million, of which € 9 million through the pro-rata conversion into capital of the shareholder loan provided by Invitalia and € 2.3 million as a new cash injection. It also authorised the Agency to use € 7.8 million to issue a *Parent Company Guarantee* to Karsan.

The possible financial continuity of IIA for 2023 was verified by an external advisor, who assessed the sustainability of the business plan proposed by the management of IIA. A financial requirement emerged for 2023 of about € 69 million, with an assumed release of guarantees to IIA customers of about € 45 million. In view of the coverage of the financing requirement, at March 2023, the estimated EBITDA is negative by an amount in excess of € 17 million. In order to achieve financial balance between 2024 and 2025, a significant managerial strengthening of the company and the identification of partners capable of guaranteeing long-term sustainability is required. At the end of March 2023, MIMIT authorised Invitalia to deploy more than € 37 million to meet liquidity needs and almost € 27 million to issue the required signature guarantees. These commitments are from the fund administered on behalf of the state (Development Contracts) and are therefore recorded off balance.



## Audits

By order dated 22 March 2023, the subsidiary Mediocredito Centrale was subject to auditing by the Bank of Italy pursuant to Article 54 of the T.U.B. (Consolidated Banking Act).

### **Section 4 - Other Aspects**

Since 2004, the parent company has also adopted the 'national tax consolidation' regimen regulated by Articles 117 and 129 of the TUIR, introduced into tax legislation by Legislative Decree 344/2003.

The parent company is required to prepare Group Consolidated Financial Statements, which were submitted to the Board of Directors for approval on 30 May 2023. For the purposes of defining the scope of consolidation, the following should also be taken into account with reference to the application of Article 1 of Law Decree No. 142 dated 16 December 2019.

### **Application of Article 1 of Italian Law Decree No. 142 dated 16 December 2019**

Article 1 of Italian Law Decree No. 142 dated 16 December 2019, as amended by Law Decree No. 104 dated 14 August 2020 and Law Decree No. 103 dated 20 July 2021 converted into law on 16 September 2021, No. 125 provides as follows:

#### *"Art. 1 Recapitalisation of Banca del Mezzogiorno - Mediocredito Centrale*

1. With one or more decrees of the Italian Minister of Economy and Finance, capital grants shall be allocated in favour of the Agenzia Nazionale per l'Attrazione investimenti e lo Sviluppo d'impresa S.p.A. - Invitalia, up to a maximum overall amount of € 900 million for the year 2020, aimed at strengthening its capital by means of capital grants in favour of Banca del Mezzogiorno - Mediocredito Centrale SpA so that it may promote, using market logic, criteria and conditions, the development of financial and investment activities, also to support enterprises and employment in Southern Italy. These activities are to be realised by means of financial transactions, including the acquisition of equity investments in banking and financial companies, that are usually joint-stock companies, and with a view to further possible operations to rationalise these equity investments or aimed at strategic initiatives to be implemented through financial operations, including direct or indirect equity investments, to support enterprises and employment, including in Southern Italy.

1-bis. From the date of coming into force of the law converting this decree, the Banca del Mezzogiorno-Mediocredito Centrale SpA, or the company referred to in paragraph 2, in the event it is established, shall report to the competent parliamentary committees on a quarterly basis on the performance of the financial transactions referred to in paragraph 1, also with reference to the financial profiles and the trend in employment levels, and shall also submit to the Parliament, by 31 January of each year, starting from 2021, an annual report on the same financial transactions carried out in the previous year. At the time of the possible establishment of the company referred to in paragraph 2, the Italian Minister of Economy and Finance shall submit to the Parliament a report on the choices made, the consequent actions and the planned programmes.

1-ter. Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. - Invitalia is authorised to underwrite further capital contributions and to grant shareholder loans, up to a maximum limit of € 705,000,000, in order to ensure the continuity of the production operations of the Taranto steel plant of ILVA S.p.A., qualified as a plant of national strategic interest pursuant to Article 3, paragraph 1, of Law Decree No. 207 dated 3 December 2012, converted, as amended, by Law No. 231 dated 24 December 2012. The agreements entered into by Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. - Invitalia pursuant to the preceding period shall be included among the financial transactions, including direct or indirect equity investments, in support of enterprises and employment, including in Southern Italy, referred to in paragraph 1 of this article. The costs referred to in this paragraph shall be covered, for the amount of € 705,000,000, through the use of the resources available in the residual account referred to in Article 202, paragraph 1, of Law Decree No. 34 dated 19 May 2020, converted, as amended, by Law No. 77 dated 17 July 2020. The provisions of Article 34-bis of Law No. 196 dated 31 December 2009 shall apply

to the resources referred to in the previous period. The Italian Minister of Economy and Finance is, to this end, authorised to make the necessary changes in the budget, also in the residual account, by means of own decrees.

1-quater. Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. - Invitalia is authorised to set up a company for the purpose of conducting feasibility analyses, from an industrial, environmental, economic and financial point of view, aimed at the construction and management of a plant for the production of direct reduced iron. The company referred to in the first period shall not be subject to the provisions of the Consolidated Text on publicly owned companies, referred to in Legislative Decree No. 175 dated 19 August 2016. The share capital of the company referred to in the first sentence shall be determined within the maximum limit of € 70,000,000, fully subscribed and paid up by the Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa SpA - Invitalia, also in several solutions, in relation to the progress of the feasibility analyses functional to the construction and management of a plant for the production of direct reduced iron. The costs referred to in the third sentence, amounting to € 70,000,000 for the year 2021, shall be covered by the resources referred to in paragraph 1. One or more decrees of the Minister of Economy and Finance shall provide for the allocation, in favour of the Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa SpA - Invitalia, of the amount, up to € 70,000,000, for the subscription and payment, also in several instalments, of the share capital of the company referred to in the first period.

2. Following the steps taken by the bank to implement paragraph 1, by decree of the Minister of the Economy and Finance in agreement with the Minister of Economic Development, the bank may be demerged with the establishment of a new company, to which the assets and shareholdings acquired under paragraph 1 are assigned. The shares representing the entire share capital of the company are assigned, without consideration, to the Ministry of Economy and Finance.

3. The provisions of Legislative Decree No. 175 dated 19 August 2016 shall not apply to the newly incorporated company referred to in the preceding paragraph. This is without prejudice to the rules on directors' honourableness, professionalism and autonomy laid down in the Consolidated Law on Banking and Credit, pursuant to Legislative Decree No 385 dated 1 September 1993.

4. The appointment of the Board of Directors of the company is made by the Minister of Economy and Finance in agreement with the Minister of Economic Development. All acts and transactions carried out for the implementation of the preceding paragraphs shall be exempt from direct and indirect taxation.

5. Any resources referred to in paragraph 1 that are no longer necessary for the purposes set forth in this Decree shall be quantified by decree of the Minister of Economy and Finance and transferred, also by way of payment to the State budget and subsequent reallocation to expenditure, to the chapter of provenance. In accordance with and in execution of the provisions of the afore mentioned Law-Decree No. 142/2019, as subsequently amended, Invitalia acted as follows:

- on 24 June 2020 it made a capital grant of € 430 million to the subsidiary Mediocredito Centrale for the latter to subscribe a capital increase in favour of Banca Popolare di Bari
- on 14 April 2021 it subscribed to the capital increase of AM InvestCo Italy SpA, the company leasing the business units of Ilva under extraordinary administration, for an amount of € 400 million
- on 25 January 2022 it set up the company DRI D'Italia with an initial share capital of € 35 million for the construction and operation of a plant for the production of direct reduced iron.

For the purposes of the accounting framework of the grant received, Invitalia, with the support of a technical-legal opinion prepared for this purpose, decided that:

- 1) the 'capital grant' received must be treated in accordance with IAS 20, paragraph 24 on grants, and that it must be recognised as deferred income related to the grant received as a balancing entry to the increase in the value of the investment resulting from the capital contribution/capital increase made by Invitalia in favour of Mediocredito Centrale Spa, AM InvestCo Italy Spa and DRI d'Italia Spa, respectively;
- 2) the amounts that Invitalia has allocated or will be called upon to allocate in favour of Mediocredito Centrale Spa, AM InvestCo Italy Spa and DRI d'Italia Spa have been/will be recognised as an increase in shareholders' equity of investee companies as 'capital payment', as provided for in Article 1 of Law

- Decree 142/2019;
- 3) in the event of application of the demerger with the establishment of a new company in accordance with the provisions of paragraph 2 of Article 1 of Law Decree 142/2019, the assets and equity investments acquired pursuant to paragraph 1 of the afore mentioned provision shall also include, for the principle of space-time continuity of management, the assets and/or liabilities generated by such assets and equity investments in the time between the acquisition referred to in paragraph 1 and the demerger referred to in paragraph 2;
  - 4) any costs or losses in excess of the amount of the capital grant received pursuant to Article 1(1) of Law Decree 142/2019 - in light of the role of mandatary attributed to Invitalia by the law - would not entail an obligation for Invitalia to support the company in difficulty.

In view of all of the foregoing, these contributions were treated as follows:

- Invitalia recognised the contribution received as a balancing entry under the item Other Liabilities entitled "Allocation art. 1 par. 1 of It. Law Decree 16/12/19 No. 142" in accordance with the above provision of the law which defined the payment to Invitalia as "capital grant" and then, once the payment was made to the subsidiary Mediocredito Centrale Spa and the investees AM InvestCo Italy Spa and DRI d'Italia Spa, to increase the value of the equity investment in Mediocredito Centrale or to recognise the equity investment in AM InvestCo Italy and DRI d'Italia Spa as an asset
- On the other hand, only the subsidiary Mediocredito Centrale, recorded the payment received as a balancing entry under Shareholders' Equity, consistent with the above provision of the regulation that defined the payment to Mediocredito Centrale as a capital grant.

This classification of the grant received implied that there was no "control" relationship, in terms of the application of the 'control' concept provided for by IFRS 10, between Invitalia on the one hand and Banca Popolare di Bari, AM InvestCo Italy Spa and DRI d'Italia Spa on the other. This conclusion follows from the consideration that Invitalia, having recognised the capital grant under the item Other Liabilities and accounting for the related costs incurred on the basis of the so-called 'income approach' envisaged by the afore mentioned IAS 20, thus aimed at neutralising the costs/revenues recorded in the income statement, Invitalia is not exposed to the "right to variable returns arising from the relationship with the entities subject to investment" and therefore, in the absence of such exposure to variable returns, does not have the requisites to consider a control relationship with Banca Popolare di Bari Spa, AM InvestCo Italy Spa and DRI d'Italia Spa as existing. As a result, Invitalia does not consolidate Banca Popolare di Bari Spa, AM InvestCo Italy Spa and DRI d'Italia Spa in its consolidated financial statements.

### **Accounting treatment established for equity investments acquired with government grants/third-party funds**

In light of the foregoing relating to the accounting treatment of grants received in application of Art. 1 of Law Decree no. 142 dated 16 December 2019, Invitalia has defined a specific accounting policy for the recording of all equity investments acquired with government grants that can be classified in accordance with the provisions of Accounting Standard IAS 20, considering that these equity investments, although presenting the characteristics envisaged for an equity instrument (IAS 32:11), could not fall within the scope of application of the international accounting standards that specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27 and IAS 28 and IFRS 11). In particular, it was considered, also on the basis of a technical opinion prepared for this purpose, that these equity investments are acquired by Invitalia in execution of specific regulatory provisions and through the use of government or third-party funds allocated to the company. Moreover, with reference to the equity investments acquired with government grants, these regulatory provisions provide for specific rights of the grantor of the grant/fund and specific obligations of Invitalia, so that, in substance, Invitalia is not attributed either the economic effects typical of an equity instrument (dividends, write-downs, etc.) - as is the case for any equity instrument (whether involving a minority, or a financial connection or joint control or control), which therefore represents "a residual interest in the assets of the entity after deducting all its liabilities" - or the power to implement specific measures typical of ownership (e.g., the sale of the equity investment acquired through

the grants received) despite legally owning the shares representing the share capital of a company. Taking into account the specific nature of the context just described, Invitalia has adopted a specific accounting policy for the recognition and measurement of equity investments acquired through the disbursement of a grant.

The initial recognition and subsequent valuation of these investments are at cost, recognised at the settlement date, including any costs or proceeds directly pertaining to the transaction.

At each end of year or interim reporting date, the presence or absence of impairment in value of the equity investments is verified. This check is based on the existence of the qualitative and quantitative indicators illustrated below. If these indicators are found, an impairment test is carried out in accordance with the provisions of IAS 36 aimed at estimating the recoverable value of the equity investment and comparing it with its book value, in order to determine whether value adjustments should be recognised. With particular reference to those equity investments whose individual carrying value was deemed irrelevant - in accordance with the provisions of International Accounting Standard IAS 1:7 – the Shareholders' Equity is used to determine the recoverable value of the equity investment as it approximates the fair value calculated with a simple equity method - to be compared with the book value of the same in order to determine the recognition of any value adjustment.

As indicated above, at each annual or interim reporting date, the presence of specific qualitative and quantitative indicators is assessed, such as:

- the achievement of negative economic results or, in any case, a significant deviation from budget targets (or from long-term plans);
- significant financial difficulties of the investee company;
- likelihood that the investee company will declare bankruptcy or be subject to other financial restructuring procedures;
- the distribution of a dividend greater than the profit for the period and existing income reserves;
- the distribution of a dividend by the investee company in excess of the income in the comprehensive income statement (or comprehensive income for financial companies) in the year in which it is declared.

The equity investments affected by this accounting treatment, both for the purposes of the separate and consolidated financial statements, are the following:

1. Mediocredito Centrale S.p.A. - Banca del Mezzogiorno, limited to the portion related to the purchase of the equity investment in Banca Popolare di Bari S.p.A.;
2. Equity investment in Acciaierie d'Italia Holding S.p.A.;
3. Equity investment in Reithera Srl;
4. Equity investment in TLS Sviluppo Srl;
5. Equity investment in DRI d'Italia S.p.A.;
6. Equity investments acquired as per Law 181/89 (CMS Srl in bankruptcy, Ela SpA, Elimirad Service Srl in liquidation, Fonderie S.p.A. in bankruptcy, Gustavo De Negri & ZA.MA. Srl, Jonica Impianti Srl, Peritas Srl, PRO.S.IT. Srl in bankruptcy, Sicalp Srl in bankruptcy, SIE - Società Ittica Europea under extraordinary administration, Simpe S.p.A. in bankruptcy, Sural S.p.A. in bankruptcy, Tekla Srl Ex Mexall Sistemi).

### **Accounting treatment ISA-ISMEA payment**

In the course of 2003, Law No. 350 provided for the transfer of the financial resources of Sviluppo Italia SpA (now Invitalia) to ISA (now ISMEA), which took over the functions formerly performed by Invitalia itself.

In compliance with the provisions of the afore mentioned Law No. 350, Law Decree 203 of 30 September 2005 provided, in Article 10 'Transfer of assets from Sviluppo Italia S.p.A. to ISA S.p.A. (now ISMEA)' and in particular, in paragraph 5, that Sviluppo Italia S.p.A. *'is authorised to report among its balance sheet entries exclusively the decreases resulting from the transfer of the assets referred to in paragraph 1'*.

Within this context, the company ISA SpA (now ISMEA) called Invitalia before the Court of Rome requesting the ascertainment of the plaintiff's right to receive a credit of approximately € 15.5 million plus interest from SECI SpA (now Eridiana Sadam SpA) and Finbieticola SpA, arising from the sale of the shares of Zuccherificio Castiglione SpA.

In summary, ISMEA's reasons underlying this request lie in its assessment regarding the inclusion of this credit (*rectius* credits) within the perimeter of assets subject to transfer under the afore mentioned rules. These credits, in the meantime, have been collected and thus transformed into cash.

In the light of the following considerations:

- both parties have the same public status
- the transfer of assets from Invitalia to ISMEA (in the form of a transfer for the symbolic value of 1 euro) took place by virtue of a state law and therefore not at arm's length
- such a transfer (i.e., assignment without consideration) represents a transaction between two entities subject to shared control.

The definition of “capital contribution” (or distribution) was deemed applicable to the sums paid in 2022 by Invitalia to the counterparty, which therefore determines, in terms of accounting treatment, the derecognition of the assets transferred to ISMEA as a balancing entry to an equity reserve without transiting through the income statement, considering, as indicated above, that the concept of capital contribution and/or deemed distribution between parent company (the Italian State through ISMEA) and subsidiary (Invitalia) is fully applicable both to the transfer without consideration that took place in 2005 and to the transfer of the amounts from Invitalia to ISMEA that took place in 2022.

As a result of the foregoing, Invitalia recorded a specific equity reserve against the payment made with reference to the above-mentioned case.

### **Possible repercussions of the Russian-Ukrainian conflict**

The current European geopolitical picture continues to be conditioned by the protracted conflict between Russia and Ukraine, and to date it is not plausible to foresee an end to it any time soon. This inevitably has repercussions on energy price tensions and thus on inflation. Price tensions, which also affect the food and services sector, are having a significant impact on consumption and household incomes, albeit asymmetrically.

In response to the outbreak of the conflict between Russia and Ukraine and following the indications of ESMA (Public Statement of 13 May 2022 'Implications of Russia's invasion of Ukraine on half-yearly financial reports' and Public Statement of 28 October 2022 'European common enforcement priorities for 2022 annual financial reports'), the Group carried out an assessment of the potential impacts on the Group's various areas of operation.

In particular, the Chief Risk Officer and Chief Lending Officer of Mediocredito and Cassa di Risparmio di Orvieto carried out an assessment of the potential impacts on the Group's credit portfolio, defining a methodological approach which, in consideration of the continuation of the conflict and the trend of the economic situation, led to the adoption of measures aimed at a proactive management of potential risks and interventions on the determination of provisioning. These interventions resulted from a significant single name assessment activity conducted on the counterparties included in the clusters identified following the start of the conflict and subsequently updated and integrated to take into account the expansion of potential indirect effects. In particular, in order to assess the potential impact of the current geopolitical crisis and the trend of the economic situation on the current and prospective situation of companies on the Group's credit portfolio, in-depth quality and quantity studies were conducted.

For those counterparties that the sensitivity analysis carried out proved to be at highest risk, after the stress exercise, were envisaged, on the one hand, targeted management actions involving inclusion in the monitoring lists for proactive risk management and, on the other, the application of a management overlay so as to determine provisioning as at 31 December 2022, which envisaged the assignment of lifetime ECL regardless of the staging allocation.

With regard to the other Group companies, the results of the assessment determined that there were no significant exposures to the countries involved in the conflict itself.

## **Disclosure of risks, uncertainties and other potential impacts of climate change**

In preparing the annual financial report as of 31 December 2022, companies are required to consider the requirements of ESMA's October 2021 recommendation ('European common enforcement priorities for 2021 annual financial reports'), which, among other things, places particular emphasis on the issue of climate change-related risks, to the extent that the effects of such risks may be significant. The Company, also in its capacity as parent company of the Invitalia Group, is aware of the importance of identifying, assessing, preventing and reducing potential environmental and climate change-related risks, i.e., those connected with direct impacts such as the use of energy resources (from renewable and non-renewable sources), greenhouse gas emissions, the production of waste and its disposal, the consumption of raw materials instrumental to its business (paper and toner), and the violation of environmental and sector regulations. At the European level, the action plan for financing sustainable growth places particular emphasis on the systemic importance of the banking/financial sector in enabling the transition to a low-carbon system and a climate-resilient economy. The banking sector is involved in potential indirect climate-related risks to the extent that its financing and investments are directed towards economic activities that contribute to climate change (e.g., in terms of greenhouse gas emissions). The banking sector as a whole can take a proactive role in promoting the transition to a low-carbon and climate-resilient economy by increasing awareness of its role in the transition by incorporating an assessment of the potential climate change impacts related to implemented lending and investment policies.

As stipulated in IAS 1, paragraph 7, the requirements for determining the materiality of financial information must also be considered when assessing the disclosure to be made about climate risks. In this context, the Practice Statement of the IASB Making Materiality Judgements provides that, in assessing whether information is material or not, companies should consider both quantitative and qualitative factors, as well as their interaction. Specifically, climate risks could be potential indicators of possible impairment of assets.

For this reason, in carrying out the impairment test activities, the indications of the sector authorities on the financial disclosure profiles related to risks, uncertainties, estimates, assumptions and valuations, as well as the difficulties related to the possible impacts that climate risks may have on the entities under analysis, must also be considered. Where potentially relevant, climate change factors have been taken into account, mainly through considerations and/or sensitivity analyses on the variables determining recoverable amount.

With reference to 31 December 2022, for the purposes of determining the ECL on performing loans, Invitalia updated the macroeconomic scenarios used at year-end 2021 without including ESG components, mainly in consideration of the public nature of the significant majority of the outstanding counterparties.

For details, please refer to the Consolidated Non-Financial Statement (DCNF), prepared at Group level.

## Information on the impacts of Covid-19

In preparing the Financial Statements for the year ended 31 December 2022, Invitalia considered the impacts associated with the current economic context characterised by the continuing effects of the Covid-19 pandemic, the related accounting implications in terms of valuation profiles, disclosures and the assessment of business continuity, also taking into account the specific recommendations published by the relevant Authorities, and in particular:

- the EBA Communication dated 25 March 2020 'Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures'.
- ESMA's communication dated 25 March 2020 'Public Statement. Accounting implications of the COVID 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9'.
- the IFRS Foundation document dated 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';
- the ECB letter dated 1 April 2020 'IFRS 9 in the context of the coronavirus (COVID 19) pandemic' addressed to all significant institutions;
- the EBA Guidelines dated 2 April 2020 'Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID 19 crisis';
- ESMA's communication dated 20 May 2020 'Implications of the COVID-19 outbreak on the halfyearly financial reports'.
- the EBA Guidelines dated 2 June 2020 'Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID 19 crisis';
- ESMA's communication dated 28 October 2020 'European common enforcement priorities for 2020 annual financial reports';
- the EBA Guidelines dated 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';
- the ECB letter dated 4 December 2020 'Identification and measurement of credit risk in the context of the coronavirus (COVID 19) pandemic' addressed to all significant institutions;
- the ESMA Communication dated 29 October 2021 'European common enforcement priorities for 2021 annual financial reports'.

Below are the main areas of focus analysed for the purposes of preparing the financial statements. Detailed information on strategies, objectives and risk management policies, as well as the economic and financial situation, are more fully described in the specific sections of the Report on Operations and/or Notes to the Financial Statements referred to below.

With regard to management and business aspects, please refer to what is described in the specific section of the Report on Operations.

### The business as a going concern

Pursuant to the provisions of Bank of Italy/Consob/Isvap joint document No. 2 dated 6 February 2009 on the subject of disclosures on business continuity, in compliance with the requirements for the same subject under IAS 1 Revised, and following the recommendations indicated over time by ESMA, Invitalia, as parent company of the Invitalia Group, has carried out an assessment of the Group's ability to continue to operate as a going concern whose activities will continue in the foreseeable future, taking into account all available information over a medium-term period. In particular, the assessment also took into account the currently foreseeable effects related to the evolution of the Russian-Ukrainian conflict and the particular macroeconomic context conditioned by high inflation rates and a sudden increase in commodity prices and the related repercussions on the national economy and on the Group's business. Considering the risks and uncertainties related to the current macroeconomic environment and based on the best information available at the date of preparation of these consolidated financial statements, it is reasonable to expect that the Group, despite the loss recorded in 2022, will continue its operational existence in the foreseeable future. Moreover, the Group's capital and financial structure and operating performance do not show symptoms that may lead to uncertainties on this specific point and, consequently, the consolidated financial statements have been prepared on a going

concern basis.

### **Risks and uncertainties connected with the use of estimates**

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts reported in the balance sheet and income statement, as well as the disclosure of contingent assets and liabilities.

The estimates and associated assumptions are based on the use of available management information and subjective assessments based also on historical experience.

By their very nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent years the actual values recorded in the financial statements may differ, even significantly, as a result of changes in the subjective assessments used.

The main cases for which the use of subjective assessments by management is most required are:

- the quantification of losses due to impairment on credits, securities, equity investments and, in general, on other financial assets;
- the quantification of provisions for risks and charges (determined on the basis of the estimated outflows required to fulfil obligations for which it is considered probable that resources will be required);
- the quantification of severance pay, company retirement fund and other benefits due to employees (determined on the basis of the estimated present value of obligations referring to probable disbursements that are discounted considering financial aspects - interest rates - assumed salary trends, turnover rates and demographic data);
- deferred tax assets (the recognition of deferred tax assets is based on the valuation that in future years, Group companies other than the parent company will generate taxable income in amounts such that it is probable that future taxes to be paid on such income will allow the deferred tax assets to be fully absorbed);
- the use of valuation models to determine the fair value of financial instruments not listed on active markets;
- the determination of fair value for the valuation of additional non-current assets and groups of assets held for sale, with particular reference to the equity investments held. In this regard, it should be noted that the estimate of the market value of this equity investment is particularly sensitive to changes in the key variables used to determine it (cash flows, discount rates, etc.). Taking into account the ongoing Russian-Ukrainian conflict and the uncertainties associated with its evolution, as well as any further impacts arising from the particular macroeconomic context, it is not possible to exclude variations in the assumptions and valuation models adopted by Invitalia in estimating this equity investment. Any fluctuations, even if marginal, in the cash flows used as a basis for the model and/or in the variables of the models used, may have an impact on the estimated values, which is why the company constantly monitors the evolution of these variables;
- the determination of fair value for the valuation of non-current assets and asset groups held for sale.

It follows, therefore, that the assessment of risk is mainly linked to the evolution of the national and international socio-economic context, as well as to the performance of the financial markets, which have consequent repercussions on interest rate trends, price fluctuations, actuarial bases and, more generally, on the creditworthiness of counterparties.

The Russian-Ukrainian conflict and the macroeconomic context conditioned by high inflation rates and a sudden rise in commodity prices and the related repercussions on the national economy and on the Group's business did not reveal any risks that had not been previously considered, as the phenomena encountered fell within the scope of cases already mapped and subject to monitoring. Please refer to Part D of the Notes to the Financial Statements and to the Report on Operations for a more exhaustive discussion of the risks to which the Group is exposed and the specific aspects related to the pandemic.



The onset of Covid-19 has exacerbated the levels of uncertainty inherent in accounting estimates, thereby increasing their complexity. The main items whose estimates have been impacted are summarised below:

**(a) Significant increase in credit risk and value adjustments made to financial assets (IFRS 9)**

Please refer to the discussion in Part E, Section 2.3 Methods of Measuring Expected Losses.

**(b) Impairment test for equity investments (IAS 36)**

In line with ESMA's guidelines, which considers pandemic effects as an indicator of impairment, these effects were considered by the Group when performing the impairment test.

**(c) Impairment test of other non-financial assets (IAS 36)**

With regard to the other asset classes, it should be noted that no trigger events were reported as these are prevalently unrelated assets and therefore not impacted by Covid-19.

## **Additional areas of focus**

### **Hedge accounting**

The impact of the COVID-19 scenario on the Group's existing hedging relationships is essentially nil at present, as no hedging relationships have been restructured or terminated.

### **Employee benefits**

There are no changes in the assumptions and variables underlying the valuation of employee benefits. The Group has not recognised any legal obligations to employees relating to COVID-19 for which liability could be recognised under IAS 19.

### **Government incentives and taxes**

There are no significant tax incentives from which the Group has benefited in relation to the anti-COVID-19 measures launched by the Government. To date, no significant elements have emerged regarding the recoverability of deferred tax assets.

### **Fair value measurements**

There were no significant impacts related to the fair value measurement of financial instruments. For details on fair value measurements, please refer to the specific disclosure in section 'A.4 Fair Value Disclosure' of these notes.

### **Leasing**

No impact was recorded. The Group is a party to lease agreements only as a lessee and has not requested any contractual amendments, suspensions, or requests for deferral of fees or recognition of discounts as a result of the situation determined by Covid-19.

### **Contingent liabilities**

There were no events that led to the need for the Group to allocate provisions for risks and charges, or current obligations that could generate probable future financial outlays.

### Information about Article 8 of the Taxonomy Regulation

The EU Regulation 2020/852 (so-called "Taxonomy"), which is part of the European Union's initiatives in favour of sustainable finance, aims to provide investors and the market with a common language of sustainability metrics that can guarantee comparability among operators, reduce the risk of greenwashing and increase the quantity and quality of information on the environmental and social impacts of business, thus favouring more responsible investment decisions. To date, the Taxonomy regulation is focused on the identification of economic activities considered to be environmentally sustainable, defined as those economic activities that contribute in a substantial way to the achievement of at least one of the following environmental objectives, provided they do not cause significant damage to any of the other environmental objectives and are carried out in compliance with minimum safeguards:

- mitigation of climate change;
- adaptation to climate change;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection of ecosystems and biodiversity.

### Reconciliation of financial statements published in the 2021 Balance Sheet and in the Comparative 2021 Financial Statements

In 2022, the parent company Invitalia revised the comparative information for the previous year presented in the financial statements, resulting in the restatement of the 2021 balances reported in the 2022 financial statements. The restatement of the 2021 balances affected the following balance sheet items:

- **Item 80 – Property, plant and equipment / Item 120 - Other assets:** the value of the costs, amounting to € 5.9 million, incurred for the environmental remediation and regeneration of the Bagnoli Industrial Complex, reclassified from item 120 to item 80 as they relate to a building whose ownership, formerly belonging to the bankrupt company BagnoliFutura, was transferred to Invitalia pursuant to Law Decree No. 133/2014, and whose final sale price was defined in November 2022.

	BALANCE SHEET - ASSETS	PUBLISHED 2021 FIN. STATS	RECLASSIFI- CATION	COMPARATIVE 2021 FIN. STATS
80	Property, plant and equipment	205,336	5,936	211,272
120	Other assets	644,973	(5,936)	639,037

- **Item 50 – Fee and commission expense / Item 160 b) Other administrative expenses** in order to better represent the contribution margin: direct costs on external orders, namely 'Communication Expenses', recognised by nature under 'Other Administrative Expenses', were reclassified under the item 'Fee and commission expense'.

	INCOME STATEMENT	PUBLISHED 2021 FIN. STATS	RECLASSIFI- CATION	COMPARATIVE 2021 FIN. STATS
50	Fee and commission expense	(204,395)	(6,073)	(210,468)
160	Administrative expenses: b) other administrative expenses	(55,036)	6,073	(48,963)

### **Section 5 - Scope and Methods of Consolidation**

The Consolidated Financial Statements include the Financial Statements of Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa SpA and of its direct or indirect subsidiaries. The scope of consolidation is defined with reference to the provisions of IFRS 10, 11 and of IAS 28. In accordance with these principles, companies over which the parent company directly or indirectly exercises the power to determine financial and management policies are considered subsidiaries. Subsidiaries are consolidated on a line-by-line basis. Consolidation begins from the date on which the controlling relationship begins and ends on the date on which it ceases.

The values of the financial statements as at 31 December 2022 of Group companies consolidated on a line-by-line basis have been appropriately adjusted to align them with the accounting principles of the parent company.

In consolidation using the line-by-line method, the assets and liabilities as well as the income and charges of the consolidated companies are included in the consolidated financial statements, after full elimination of intra-group receivables, payables, revenues and expenses, with the exception of those deemed irrelevant within the context of the consolidated financial statements according to the general criteria of materiality and relevance.

Assets and liabilities are those resulting from the financial statements approved by the boards of directors and/or shareholders' meetings of the companies. The portion of shareholders' equity and the portion of the result for the year pertaining to non-controlling interests are accounted for as separate items in the consolidated balance sheet and income statement. In order to represent the Group's accounting information as if it were a single entity, appropriate consolidation adjustments are made.

Controlling stakes held for sale are consolidated on a line-by-line basis and shown separately in the consolidated financial statements as 'Non-current assets and disposal groups classified as held for sale' and 'Liabilities associated with assets classified as held for sale' under assets item 110 and liabilities item 70, respectively.

## 1. Exclusive equity investments in subsidiaries

The following are the wholly owned and exclusively controlled enterprises:

Company name	Headquarters	Registered office	Type of relationship	Relationship		% Avail. votes	Type of control
				Company holding the stake	% held		
<b>Equity Investments</b>							
INFRADEL ITALIA S.p.A.	Rome	Rome	1	INVITALIA S.p.A.	100.00%	100.00%	A
INVITALIA PARTECIPAZIONI S.p.A.	Rome	Rome	1	INVITALIA S.p.A.	100.00%	100.00%	A
MEDIOCREDITO CENTRALE S.p.A.	Rome	Rome	1	INVITALIA S.p.A.	100.00%	100.00%	A
Cassa di Risparmio di Orvieto S.p.A.	Orvieto (TR)	Orvieto (TR)	1	MEDIOCREDITO	83.52%	83.52%	B
<b>Assets held for sale</b>							
ITALIA TURISMO S.p.A.	Rome	Rome	1	INVITALIA S.p.A.	100.00%	100.00%	A
<i>(1) Majority of voting rights at Ordinary Shareholders' Meeting</i>							

## 2. Valuations and assumptions relative to the determination of the consolidation area

IFRS 10 regulates consolidated financial statements and defines the criteria for identifying the scope of consolidation. According to this standard, control of a company can only occur when the following elements are present:

- Power to direct the relevant activities of the investee;
- Exposure to or right to obtain variable returns arising from the relationship with the entity being invested in;
- Ability to exercise power over the entity being invested in so as to affect the amount of its returns.

The three elements described above must be present simultaneously in order to result in a situation of control.

DRI d'Italia S.p.A. and Banca Popolare di Bari, although 100% owned and, through the subsidiary Mediocredito Centrale, 96.8% owned, respectively, are not consolidated because the economic effects of their operations are not passed on to Invitalia and, consequently, they are excluded from the Group, as more fully explained below. Likewise, the companies Acciaierie d'Italia Holding S.p.A., Reithera Srl, TLS Sviluppo Srl, and all equity investments acquired pursuant to Law 181/89 are not consolidated using the equity method for the same reasons (for further details see the following paragraphs in Section 5 - Other Aspects – "Application of Article 1 of Law Decree No. 142 of 16 December 2019" and "Accounting treatment of equity investments acquired with government grants/third-party funds").

## 3. Equity investments in subsidiaries controlled exclusively with significant non-controlling interest

There are no shareholdings in subsidiaries with significant non-controlling interests, with the exception of the shareholding in Cassa di Risparmio di Orvieto, which is owned by third parties by a percentage of 14.7%.

## 4. Significant Restrictions

There are no significant restrictions under Paragraph 13 of IFRS 12 to report. In particular, there are no legal, contractual or regulatory restrictions on the parent company's ability to access or utilise the assets and settle the liabilities of the group. There are also no rights protecting non-controlling interests that would significantly limit the entity's ability to access or use the assets and settle the liabilities of the group.

## A.2 Section related to the main items of the financial statements

The presentation of the accounting principles adopted is made with reference to the recognition, classification, valuation and derecognition of the various asset and liability items.

### **Cash and cash equivalents**

Cash and cash equivalents are recorded at nominal value and include cash values, i.e., those values that meet the requirements of being available on demand or at very short-term, of being in good standing, and of having no collection costs.

### **Financial assets at fair value through profit or loss (FVTPL)**

#### **Classification Criteria**

Financial assets other than those classified as Financial assets at fair value through profit or loss and Financial assets measured at amortised cost are classified in this category. In particular:

- i. Financial assets held for trading mainly consist of debt and equity securities and the positive value of derivative contracts held for trading purposes;
- ii. Financial assets that must be measured at fair value are those financial assets that do not meet the requirements for valuation at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms are not represented solely by payments of principal and interest on the principal amount to be repaid (so-called "SPPI test" not passed) or which are not held as part of a business model whose objective is the holding of assets for the purpose of collecting contractual cash flows ("Hold to Collect" business model) or whose objective is achieved both by collecting contractual cash flows and by selling financial assets ("Hold to Collect and Sell" business model);
- iii. Financial assets designated at fair value, i.e., financial assets so designated upon initial recognition and when the conditions are met. In relation to financial assets, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, doing so eliminates or significantly reduces a valuation inconsistency.

The item shows debt securities and loans that are included in an "Other - Trading" business model or that do not pass the SPPI test, including portions of underwritten syndicated loans that, from the outset, are earmarked for sale and that are not pertaining to a "Hold to Collect and Sell" business model.

This item also includes equity instruments - not qualifying as control, connection and joint control - that are held for trading purposes or for which no designation at fair value through other comprehensive income was opted for upon initial recognition. Units of UCITS are also recognised under this item. For the category of UCITS, given the structure of the instrument and the respective units, the SPPI test will always be failed, meaning they can only be classified under the fair value through profit and loss item.

Another case, due to the intrinsic characteristics of the underlying investment instruments, is represented by capitalisation policies. These instruments, like UCITS, present an objective difficulty in preparing a look-through approach and fail the SPPI test. For this reason, they must be accounted for under the item 'Financial assets at fair value through profit or loss'. Specifically, the fair value is the value of the policy communicated periodically in the statement sent by the insurance company. This value corresponds to the premium increased by the returns generated by the separate management net of the commission component.

Derivative contracts - recorded as financial assets held for trading - are shown as assets if the fair value is positive and as liabilities if the fair value is negative.

Derivatives also include those embedded in complex financial instruments - where the host contract is not a financial asset that falls within the scope of IFRS 9 - which have been recognised separately because:

- Their economic characteristics and risks are not closely related to the characteristics of the underlying contract;

- Embedded instruments, even if separate, meet the definition of a derivative;
- The hybrid instruments to which they belong are not measured at fair value, with changes in fair value recognised in the income statement.

According to the general rules in IFRS 9 on reclassification of financial assets (except for equity securities, for which no reclassification is permitted), reclassifications into other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets.

### **Recognition Criteria**

The initial recognition of financial assets takes place on the settlement date for debt securities, equity securities and loans, and on the subscription date for derivative contracts.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or income directly pertaining to the instrument.

### **Measurement criteria**

Subsequent to initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of applying this criterion are recognised in the income statement under item "80. Net result from trading activities" in the case of instruments held for trading, or under item "110. Net result of other financial assets and liabilities measured at fair value through profit or loss" in the case of instruments designated at fair value or other financial assets mandatorily measured at fair value.

Interest receivable accrued during the year on these assets is recorded under item "10. Interest and similar income" in the Income Statement.

### **Derecognition Criteria**

Financial assets are removed from the balance sheet only if the disposal resulted in the substantial transfer of all the risks and benefits associated with the activities themselves.

### **Financial assets measured at fair value through other comprehensive income (FVTOCI)**

#### **Classification Criteria**

Financial assets that meet both of the following conditions are included under this heading:

- the financial asset is held according to a business model whose objective is both to collect the contractually agreed cash flows and to sell them ('Hold to Collect and Sell' business model), and
- the contractual terms of the financial asset provide, at certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (the 'SPPI test' passed).

This item also includes equity instruments, not held for trading purposes, for which the option to designate them at fair value through other comprehensive income was exercised upon initial recognition.

Reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified into one of the other two categories under IFRS 9 (Financial Assets Measured at Amortised Cost or Financial Assets Measured at Fair Value through Profit or Loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification operate prospectively from the date of reclassification. In the case of reclassification from this category to the amortised cost category, the cumulative profit (loss) recognised in the valuation reserve is applied to adjust the fair value of the financial asset at the date of reclassification. In the case of reclassification to the fair value through profit or loss category, the cumulative profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to profit or loss for the year.

### **Recognition Criteria**

The initial recognition of financial assets takes place on the settlement date for debt and equity securities and on the disbursement date for loans. Upon initial recognition, assets are recognised at fair value, including transaction costs or income directly pertaining to the instrument itself.

### **Measurement criteria**

Subsequent to initial recognition, assets classified at fair value through other comprehensive income are measured at fair value, with the impact of the application of amortised cost and the effects of impairment recognised in the income statement, while other gains or losses arising from a change in fair value are recognised in a specific equity reserve, without going through the income statement, until the financial asset is derecognised. Upon full or partial derecognition, the cumulative gain or loss in the valuation reserve is reversed, in whole or in part, to the income statement.

Equity instruments classified in this category are measured at fair value and the amounts recognised as a balancing entry in the shareholders' equity (Statement of Comprehensive Income) must not be subsequently transferred to the income statement, even if they are sold. The only component of these equity securities that is recognised in the income statement is the related dividends.

Financial assets measured at fair value through other comprehensive income are subject to the test of significant increase in credit risk (impairment) as required by IFRS 9, with the consequent recognition of a value adjustment in the income statement to cover expected losses. More specifically, on instruments classified as stage 1 (i.e., on financial assets at the time of origination, if not impaired, and on instruments for which there has not been a significant increase in credit risk with respect to the date of initial recognition), an expected loss is recognised at the date of initial recognition and at each subsequent reporting date within a time horizon of one year. Conversely, for instruments classified as stage 2 (performing assets for which there has been a significant increase in credit risk since initial recognition) and stage 3 (non-performing exposures), an expected loss is recognised for the entire remaining life of the financial instrument.

### **Derecognition Criteria**

Financial assets measured at fair value through other comprehensive income are derecognised when the right to receive their cash flows expires or if they are sold, and only if the sale has resulted in the substantial transfer of all risks and benefits associated with the assets. Conversely, if a material portion of the risks and benefits associated with the transferred financial assets has been retained, they continue to be recognised in the balance sheet, even if legal title to the assets has been effectively transferred.

In the event that the substantial transfer of risks and benefits cannot be ascertained, financial assets are derecognised if no control is retained over them. Otherwise, the retention, even in part, of such control results in the assets being retained in the balance sheet to the extent of the residual involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.

## **Financial assets measured at amortised cost**

### **Classification Criteria**

Included in this category are financial assets (especially loans and debt securities) that satisfy both of the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractual cash flows ("Hold to Collect" business model);
- the contractual terms of the financial asset provide, at certain dates, for cash flows consisting solely of payments of principal and interest on the amount of principal to be repaid (so-called 'SPPI test' passed).

According to the general rules of IFRS 9 on the reclassification of financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets.

Loans disbursed against funds provided by the State or by other public entities and destined for particular lending operations provided for and regulated by specific laws ("Loans using third-party funds under management" as per Law 181/89) are recognised under this item, insofar as interest accrues on them and on the related funds in favour of and at the expense of the intermediary, respectively, and loans disbursed against funds provided by the State ("Loans using third-party funds under management" pursuant to Article 6 of Law 64 dated 1/03/86 - Tourism Revolving Fund), inasmuch as the risk of default is borne by the intermediary.

### **Recognition Criteria**

Initial recognition of financial assets takes place on the settlement date. Upon initial recognition, financial assets classified in this category are recognised at fair value, including any directly attributable costs and proceeds.

In particular, the first entry of a loan occurs on the date the contract is signed, which normally coincides with the disbursement date. If these dates do not coincide, a commitment to disburse funds is recorded when the contract is signed and closed on the date of disbursement of the loan.

The receivable is recognised on the basis of its fair value, equal to the amount disbursed, or subscription price, including costs/proceeds directly pertaining to the individual receivable and determinable from the origin of the transaction, even if settled at a later date. Costs which, although having the above characteristics, are reimbursed by the debtor counterparty or fall within normal internal administrative costs are excluded.

### **Measurement criteria**

Subsequent to initial recognition, the financial assets under review are measured at amortised cost, using the effective interest method, with interest income accruing in the period/year recognised in item '10. Interest and Similar Income' of the Income Statement.

The amortised cost method is not used for assets - valued at historical cost - whose short duration makes the effect of applying the discounting logic negligible for those without a defined maturity.

Financial assets belonging to this category, regardless of their technical form, must be tested for impairment, with the related effects recognised in income statement item '130. Net value losses/recoveries for credit risk related to a) Financial assets measured at amortised cost'.

Gains or losses realised on the sale of such assets are to be recognised in income statement item '100. Gains or losses on disposal or repurchase of a) Financial assets measured at amortised cost'.

### **Derecognition Criteria**

Financial assets are derecognised when the right to receive their cash flows expires or in the event of a sale, only if the sale has resulted in the substantial transfer of all risks and benefits associated with the assets. Conversely, if a material portion of the risks and benefits associated with the transferred financial assets have been retained, they continue to be recognised in the Financial Statements, even if legal title to the assets has been effectively transferred.

In the event that the substantial transfer of risks and benefits cannot be ascertained, financial assets are derecognised if no control is maintained over them. Otherwise, the retention, even in part, of such control entails maintaining the assets on the balance sheet to the extent of the residual involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.

### **Impairment**

With regard to the new impairment model introduced by IFRS 9, a diversified approach was considered.

In particular, Invitalia and all subsidiaries other than Mediocredito Centrale - Banca del Mezzogiorno and Cassa di Risparmio di Orvieto have defined the parameters and rules for the correct allocation of performing exposures to stage 1 or stage 2 and non-performing exposures to stage 3 on the basis of the definition of default adopted by the Group companies.



The valuation of financial assets - whether performing or stage 3 - also reflects the best estimate of the effects of future conditions, first and foremost those of the economic context, on the basis of which forward-looking PDs and LGDs are conditioned. From a methodological point of view, at each balance sheet date the Group must measure the impairment of a financial instrument on the basis of:

- a 12-month Expected Credit Loss (ECL) in the case of stage 1 classification;
- a Lifetime Expected Credit Loss in the case of stage 2 classification.

On the other hand, the impaired portfolio will be classified as stage 3 and will continue to be valued using Lifetime Impairment methodology.

Following are the details of:

- the definitions of default adopted for trade and financial receivables;
- the different stage allocation rules for trade and financial receivables.

With reference to Mediocredito Centrale and Cassa di Risparmio di Orvieto, the calculation of the expected loss of value for credit risk (impairment) is strictly connected to the inclusion of the instruments under examination in one of the three stages (credit risk stages) provided for by IFRS 9, where stage 1 includes performing financial assets for which there has not been a significant increase in credit risk, stage 2 includes financial assets that, while still performing, have experienced a significant increase in credit risk, and stage 3 includes impaired financial assets (impaired past-due positions, unlikely-to-pay exposures and non-performing loans).

For the purposes of quantifying the ECL to be applied to the loan portfolio acquired as part of the business combination, it was deemed reasonable and prudent to maintain the staging allocation deducible from CRO management archives, as the allocation of ad hoc staging for the consolidated financial statements alone would have required, as explicitly provided for by IFRS 9, undue cost or effort.

Value adjustments are then recognised in the income statement:

- at the time of initial registration, in an amount equal to the expected twelve-month loss;
- at the time of the subsequent valuation of the asset, where the credit risk has not significantly increased since initial recognition, in relation to changes in the amount of expected loss adjustments over the following twelve months (stage 1);
- at the time of the subsequent valuation of the asset, where the credit risk has significantly increased compared to initial recognition (transition to stage 2), in connection with the recognition of value adjustments for expected losses over the entire contractual residual life of the asset;
- at the time of the subsequent valuation of the asset, where - after there has been a significant increase in credit risk with respect to initial recognition - the 'relevance' of this increase has then ceased to exist, in connection with the adjustment of cumulative value adjustments to take account of the change from an expected loss over the entire residual life of the instrument ("lifetime") to one at twelve months (return to stage 1).

The financial assets in question, if they are performing, are subjected to a measurement aimed at defining the value adjustments to be recognised in the financial statements, at individual loan relationship level, according to the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD), in order to take into account the provisions of IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment loss (transition to stage 3), the amount of the loss is measured as the difference between the book value of the asset - classified as 'impaired', like all other relationships with the same counterparty - and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss, to be recognised in the income statement, is defined on the basis of an analytical valuation process or determined by homogeneous categories and, therefore, attributed analytically to each position and takes into account forward-looking information and possible alternative recovery scenarios.

Impaired assets include financial instruments that have been assigned the status of non-performing, unlikely to pay or past-due/defaulting for more than 90 days according to Bank of Italy rules, consistent with IAS/IFRS and European Supervisory regulations.

The expected cash flows take into account the expected recovery times and the presumed realisable value of any guarantees.

If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, a reversal of the impairment loss is recognised in the income statement. The reversal may not exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments.

Value reversals related to the passage of time are recognised in net interest income.

In some cases, during the life of financial assets under consideration and, in particular, loans, the original contractual terms are subject to subsequent modification by the parties to the contract. When, during the life of an instrument, the contractual terms are subject to modification, it is necessary to determine whether the original asset should continue to be recognised in the balance sheet or whether, on the contrary, the original instrument should be derecognised and a new financial instrument should be recognised. In general, changes in a financial asset lead to its derecognition and the recognition of a new asset when they are 'substantial'. The assessment of the 'substantiality' of the change must be made by considering both qualitative and quantitative elements. Such (qualitative-quantitative) analyses are aimed at defining the 'substantiality' of contractual modifications made to a financial asset and should therefore consider the purposes for which the modifications were made, i.e.:

- a) renegotiations for commercial reasons and concessions due to financial difficulties of the counterparty. The former, aimed at 'retaining' the customer, involve a debtor who is not in a situation of financial difficulty. This includes all renegotiation transactions that are aimed at adjusting the onerousness of the debt to market conditions. Such operations entail a change in the original terms of the contract, usually requested by the debtor, which relates to aspects connected to the onerousness of the debt, with a consequent economic benefit for the debtor. As a general rule, it is considered that whenever the bank carries out a renegotiation in order to avoid losing its customer, such renegotiation must be considered as substantial since, if it were not carried out, the customer might obtain financing from another intermediary and the bank would suffer a decrease in expected future revenues. The second, carried out for "credit risk reasons" (forbearance measures), are pertaining to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and benefits, after modification, are normally not substantially transferred and, consequently, the accounting presentation that provides the most relevant information for the reader of the financial statements is that made through "modification accounting" - which implies the recognition in the income statement of the difference between the book value and the present value of the modified cash flows discounted at the original interest rate - and not through derecognition;
- b) For the presence of specific objective elements ("triggers") affecting the characteristics and/or contractual flows of the financial instrument (such as, by way of example only, a change of currency or a change in the type of risk to which one is exposed, when correlated to equity and commodity parameters), which are deemed to lead to derecognition in consideration of their impact (expected to be significant) on the original contractual flows.

Impaired financial assets (stage 3) acquired as part of a business combination are identified on initial recognition as purchased or originated credit impaired financial assets ("POCI") and are subject to a special treatment with regard to the impairment process. Furthermore, on financial assets qualified as POCI, a credit-adjusted effective interest rate is calculated at the date of initial recognition, for the identification of which it is necessary to include initial expected losses in the cash flow estimates. For the application of amortised cost, and the consequent calculation of interest, this credit-adjusted effective interest rate is therefore applied.

Finally, with reference to impaired and non-impaired loans resulting from business combinations, the difference between the initial recognition value (the fair value determined at the time of the PPA) and the previous book value at the acquired entity is divided into two components: one related to the lower recoverable flows estimated when determining the fair value, which therefore discount the expected credit losses over the entire residual duration period, and the other related to the discounting of these lower recoverable flows. It should be noted that the reversal effect of the discounting (relative to the estimated recoverable flows attributed to the impaired loans at the time of the PPA) is accounted for, *pro-rata temporis*, under interest so as to integrate the contractual interest rate with the higher yield deriving from the lower value attributed to the recoverable flows.

### **Default definition**

Invitalia and all subsidiaries other than Mediocredito Centrale and Cassa di Risparmio di Orvieto consider all accounts for which legal recovery actions have begun to be in default. In addition, other default criteria are defined based on the number of days past due, which are calibrated differently for trade and financial receivables as detailed below.

With reference to trade receivables, in addition to the rule defined above and based on the initiation of legal recovery actions, in order to distinguish the performing portfolio from the non-performing one, Invitalia and all

subsidiaries other than Mediocredito Centrale and Cassa di Risparmio di Orvieto also decided to apply the following default definition rules calibrated according to the characteristics of their trade receivables portfolio and based on their context of reference:

- invoices to be issued and inventories with counterparties of the Public Administration that are overdue by more than 720 days are considered 'impaired', with the consequent need to make impairment analysis;
- for invoices already issued to counterparties of the Public Administration, the New DoD was adopted, whereby the past due threshold was set at 180 days, with the consequent need to make impairment analysis;
- invoices to be issued and inventories with non-Public Administration counterparties that are overdue by more than 360 days are considered 'impaired', with the consequent need to make impairment analysis;
- for invoices already issued to non-Public Administration counterparties, the New DoD was adopted, whereby the past due threshold was set at 180 days, with the consequent need to make impairment analysis.

With regard to financial receivables, in addition to the above-mentioned rule based on the initiation of legal recovery actions, all receivables with a past due amount of more than 90 days are generally considered to be in default.

With reference to Mediocredito Centrale and Cassa di Risparmio di Orvieto, should such evidence exist (so-called "evidence of impairment"), the financial assets in question - consistently, where existing, with all the remaining ones pertaining to the same counterparty - are considered impaired and are included in stage 3. For these exposures, represented by financial assets classified - pursuant to the provisions of Bank of Italy Circular No. 262/2005 - in the categories of non-performing loans, unlikely to pay exposures and impaired positions past due for more than 90 days, value adjustments must be recognised equal to the expected losses over a time horizon equal to their entire residual life.

### **Staging Rules for Trade Receivables**

With regard to trade receivables and contract assets (with or without a significant financial component), the simplified approach set forth in the Standard is applied. Based on this approach, there is no need to distinguish the performing portfolio between stage 1 and stage 2, with the expected loss always being calculated on a lifetime basis.

### **Staging Rules for Financial Receivables**

With reference to financial receivables, in order to assess the significant increase in credit risk (SICR), and therefore to define the criterion for the transition from stage 1 to stage 2, consistently with what is permitted by the Standard, the company adopts methodological simplification (the so-called 'practical expedient') based on the so-called 'rebuttable presumption', according to which receivables are presumed to be significantly impaired when they are more than 30 days past due.

The stage allocation of performing financial receivables is therefore currently based solely on the criterion of continuous days past due and, consistent with the company's definition of default on the financial receivables portfolio, the following criteria are adopted:

- receivables with less than 30 days past due are allocated to stage 1;
- receivables with a past due amount between 30 and 90 days are allocated to stage 2;
- receivables considered non-performing based on the definition of default defined above for financial receivables are allocated to stage 3.

Once the instruments have been classified into the different stages, if the report has been classified into stage 1, the assessment of the expected loss is made considering the possible events of default that may occur over a time horizon of 12 months from the reporting date. For accounts allocated to stage 2, on the other hand, the assessment of the expected loss is made considering the entire lifetime of the instrument.

Differently for Mediocredito Centrale - Banca del Mezzogiorno and Cassa di Risparmio di Orvieto, for the method of determining impairment losses, it was considered that at each balance sheet date, pursuant to IFRS 9, financial assets other than those measured at fair value through profit or loss are subject to an assessment to determine whether there is any evidence that the book value of the assets is not fully recoverable. A similar analysis is also performed for commitments to disburse funds and for guarantees issued that fall within the

perimeter of application of impairment pursuant to IFRS 9. In the event that such evidence exists (so-called 'evidence of impairment'), the financial assets in question - consistently, if any, with all the remaining assets pertaining to the same counterparty - are considered impaired and are included in stage 3. For these exposures, represented by financial assets classified - pursuant to Bank of Italy instructions - in the categories of non-performing loans, unlikely to pay exposures and impaired positions past due for more than 90 days, value adjustments must be recognised equal to the expected losses over a time horizon equal to their entire lifetime.

For financial assets for which there is no evidence of impairment (non-impaired financial instruments), on the other hand, it is necessary to verify whether there are indicators that the credit risk of the individual transaction has significantly increased since initial recognition.

The consequences of this verification, from the point of view of classification (or, more appropriately, staging) and of measurement, are as follows:

- where such indicators exist, the financial asset is included in stage 2. The valuation, in this case, in accordance with the dictates of international accounting standards and even in the absence of a manifest loss of value, provides for the recognition of value adjustments equal to the expected losses throughout the entire lifetime of the financial instrument. These adjustments are subject to review at each subsequent reporting date both to periodically verify their congruity with respect to the constantly updated loss estimates, and to take into account - in the event that the indicators of a "significantly increased" credit risk cease to exist - the changed forecast horizon for calculating the expected loss;
- where these indicators do not exist, the financial asset is transferred to stage 1. The valuation, in this case, in accordance with the dictates of international accounting standards and even in the absence of a manifest loss in value, provides for the recognition of expected losses, for the specific financial instrument, over the following twelve months. These adjustments are subject to review at each subsequent reporting date, both to periodically check their congruity with respect to the constantly updated loss estimates, and to take into account - should indicators of a "significantly increased" credit risk arise - the changed forecast horizon for calculating the expected loss.

At each year-end balance sheet reporting date, the Group reports in the Income Statement the amount of impairment as the sum of the changes in expected losses recorded by the individual entities included in the scope of consolidation. The valuation models adopted by Mediocredito Centrale and CRO comply with the provisions of IFRS 9 and established market practices for the calculation of 12-month and lifetime Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

### **Rules for staging titles**

With reference to the securities portfolio, the approach adopted for allocation and transfer between stages is the following:

- for securities with an 'investment' grade rating at the reporting date (see table below), the LCRE is applied, i.e., they are allocated directly to stage 1 on the basis of the requirements set out above;
- for securities with an 'investment' grade rating at the reporting date, the development of the counterparty's creditworthiness between the purchase/subscription date and the reporting date - measured by the change in rating class - is considered.

The significant deterioration triggering a stage 2 classification is identified by a deterioration of at least 2 notches on the rating scale. If an objective credit event occurs, the exposure is classified as a stage 3 exposure. If there is no significant deterioration of the position, the exposure is classified as a stage 1 exposure.

However, classification and transfer respect a symmetrical and relative model. At each reporting date, in fact, positions are reclassified between stages, either up or down, as the conditions that determined the previous allocation change. In the absence of information available to determine significant deterioration or low credit risk, the position must be classified as stage 2. The ratings, provided by an infoprovider, are updated on a timely basis at each reporting date.

### **Derecognition Criteria**

Financial assets are derecognised when the contractual rights to the financial receivables arising from the assets expire, when the financial asset is disposed of by transferring substantially all of the risks/benefits associated with it, or when the financial asset is subject to a material modification (including, for example, substitution of the debtor, change of the currency of reference, change of the technical form of disbursement, introduction of clauses that may alter the positive outcome of the SPPI test).

If a financial asset classified as 'Financial assets measured at amortised cost' is sold, it is derecognised on the date of its transfer (settlement date).

### **Offsetting of financial assets and liabilities**

IAS 32 regulates the criteria for offsetting financial assets and liabilities. Specifically, the company may present the net balance in its balance sheet when the following conditions are met simultaneously:

- I) the company has a legal right to offset the amounts recognised in the accounts;
- II) the company intends to extinguish the net residue, or realise the asset and simultaneously extinguish the liability.

The presentation of the net balance is therefore possible when any offsetting is capable of reflecting the future cash flows that the entity expects to obtain from the settlement of two or more separate financial instruments. When an entity has the right as well as the intention to receive or pay a single net amount, it has in effect a single financial asset or financial liability. In other cases, financial assets and financial liabilities are presented separately from each other, consistent with their characteristics as a resource or an obligation for the entity.

### **Hedging transactions**

The Group avails itself of the possibility, provided for when IFRS 9 was introduced, to continue to fully apply the provisions of the previous accounting standard IAS 39 on 'hedge accounting' (in the carved-out version approved by the European Commission) for each type of hedge.

### **Classification Criteria**

Risk hedging transactions are designed to cover risks related to changes in market value, or in future cash flows pertaining to a specific item or group of items, such as to have potential effects on the Income Statement. The type of hedge used by the Group is the fair value hedge and its objective is to hedge the exposure to changes in fair value (pertaining to the various types of risk) of recognised assets and liabilities or portions thereof, groups of assets/liabilities, irrevocable commitments and portfolios of financial assets and liabilities, as permitted by IAS 39 approved by the European Commission.

### **Recognition criteria**

Hedging derivatives, like all derivatives, are initially recorded and subsequently measured at fair value.

### **Measurement criteria**

In the case of fair value hedges, the change in fair value of the hedged item is offset against the change in fair value of the hedging instrument. This offsetting is recognised through the reporting in the Income Statement of changes in value, referring both to the hedged instrument (as regards changes produced by the underlying risk factor) and to the hedging instrument. Any difference, representing the partial ineffectiveness of the hedge, consequently constitutes the net financial effect. The derivative instrument is designated as a hedge if there is formalised documentation of the relationship between the hedged item and the hedging instrument and if it is effective from the time the hedge begins and, prospectively and retrospectively, throughout its life. The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item are offset by changes in the fair value of the hedging instrument. Therefore, effectiveness is assessed by comparing these changes, taking into account the intent of the company at the time the hedge was implemented. Accounting effectiveness occurs when changes in the fair value of the hedging instrument almost entirely neutralise the changes in the hedged item for the hedged risk element, i.e. within the limits set by the 80% - 125% range (the so-called 'Dollar offset' method). The effectiveness is assessed at each balance sheet or interim reporting date.

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued at that point. The derivative contract is reclassified as a trading instrument and the hedged financial instrument regains the valuation criterion corresponding to its balance sheet classification. IAS 39 allows the object of a fair value hedge to be identified not only in a single financial asset or liability, but also in a monetary amount, deriving from a multiplicity of financial assets and liabilities (or portions thereof), so that a set of derivative contracts can be used to reduce the fair value fluctuations of the hedged instruments, as market interest rates change (so-called 'generic hedging' or 'macrohedging'). Net amounts arising from the mismatch of assets and liabilities cannot be the subject of generic hedging. Similar to specific fair value hedges (microhedging), a generic hedge is considered highly effective if, both at inception and during its lifetime, changes in the fair value of the hedged monetary amount are offset by changes in the fair value of the hedging derivatives, and if the actual results are within the range required by IAS 39. In accordance with the instructions issued by the Bank of Italy for the compilation of banks' financial statements, the adjustment of the value of financial assets/liabilities subject to macrohedging is recognised in item 50 of Assets and item 50 of Liabilities, with an offsetting entry in item 90 of the Income Statement.

### **Equity investments**

This item includes stakes held in associates (in accordance with IAS 28) and investments in subsidiaries and associates, acquired with government grants/third-party funds, the accounting treatment of which is described below.

Associates are companies in which the parent company holds, directly or indirectly, at least 20% of the voting rights, or in which, even with a lower proportion of voting rights, significant influence is recognised, defined as the power to participate in relevant financial and management policies, without having control or joint control.

Equity investments are initially recognised at cost, at the settlement date, including costs or income directly pertaining to the transaction. At each balance sheet date, or interim reporting date, the presence or absence of impairment of equity investments is verified.

In the presence of the above indicators, an impairment test is performed in accordance with the provisions of IAS 36 in order to estimate the recoverable value of the equity investment and to compare it with its book value in order to determine whether value adjustments should be recognised. Specific qualitative and quantitative indicators are assessed at each balance sheet or interim reporting date.

If the recoverable amount is lower than the balance sheet value, the difference is charged to the income statement. If the reasons for the write-down no longer apply, the respective write-backs are made, which must be recognised in the income statement up to the amount of the previous write-down.

Therefore, the reduction of the loss previously recognised against the reversal of the value of the investment cannot exceed the book value that would have existed had no loss previously been recognised. Both value adjustments and value recoveries are recorded in the income statement item "Profit (loss) on equity investments".

When the financial asset is sold with transfer of all related risks and benefits, it is derecognised.

#### *Equity investments in associated companies*

In these financial statements, the valuation criterion for investments in associates, as permitted by IAS 27 para. 10 c, is the equity method described in IAS 28.

The equity method is applied retroactively from the date of acquisition of the equity investment, taking into account the initial difference between the acquisition cost and the corresponding fraction of the investee's shareholders' equity at the date of acquisition.

In the presence of indicators such as significant financial difficulties of the investee company, the likelihood of the investee company declaring bankruptcy or being subject to other financial restructuring procedures, the distribution of a dividend greater than the profit for the period and existing profit reserves, the distribution of a dividend by the investee company greater than the profit in the comprehensive income statement (or

comprehensive income for financial companies) in the year in which it is declared, an impairment test is performed in accordance with the provisions of IAS 36 to estimate the recoverable amount of the equity investment and to compare it with its book value in order to determine whether a value adjustment should be recognised, taking into account the initial difference between the acquisition cost and the corresponding fraction of the investee's shareholders' equity at the acquisition date.

In the years following the acquisition, adjustments are made to annually update the effects of the initial difference between the acquisition cost and the book value of the investee, recognising a corresponding change in the book value of the investment as a balancing entry in the income statement.

Dividends from companies are recognised when the right to receive the dividend is established and are accounted for as a reduction in the book value of the investment.

Under the equity method, the investment is initially recognised in accordance with IAS 28 and the book value is increased or decreased to recognise the investor's share of the investee's profit or loss realised after the acquisition date. The investor's share of the investee's profit (loss) for the year is recognised as a balancing entry in the income statement. An investment is accounted for using the equity method from the moment it falls within the definition of a subsidiary or an associate. Upon acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the investee's assets and liabilities is accounted for as illustrated below:

- a) goodwill is included in the book value of the investment. Amortisation of such goodwill is not permitted;
- b) any excess of interest in the net fair value of the investee's assets and liabilities over the cost of the equity investment is included as income in the period in which the investment is acquired.

Appropriate adjustments must also be made to the investee's post-acquisition result for the year in order to take into account depreciation of depreciable assets based on their fair values at the acquisition date, impairment losses for goodwill or property, plant and equipment, and other items that make up the fair value at the time of acquisition. If there is a negative shareholders' equity of the investee, after the investment is written off, further losses are accrued and recognised as liabilities/provisions for risks and charges only to the extent that the parent company has incurred legal or constructive obligations or payments made on behalf of the investee. If the investee subsequently realises profits, the parent will recognise its share of the profits only after it has matched its share of the unrecognised losses.

#### *Equity investments acquired with government grants/third-party funds*

This category includes equity investments acquired with government grants/third-party funds. In light of what has been previously reported with respect to the accounting treatment of grants received in application of Article 1 of Law Decree No. 142 dated 16 December 2019, (see previous paragraph "Part A - ACCOUNTING POLICIES Section 4 - Other Aspects - Application of Article 1 of Law Decree No. 142 dated 16 December 2019"), Invitalia has defined a specific accounting policy for the accounting treatment of all equity investments acquired with government grants/third-party funds that can be classified in accordance with the provisions of Accounting Standard IAS 20, considering that these participations, although formally presenting the characteristics envisaged for an equity instrument (IAS 32:11), could not fall within the scope of application of the international accounting standards that specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27 and IAS 28 and IFRS 11). In particular, it was considered, also on the basis of a technical opinion prepared for this purpose, that these equity investments are acquired in execution of specific regulatory provisions and through the use of government grants or third-party funds. These regulatory provisions provide for specific rights for the party making the grant/third-party resource and specific obligations on the part of the Agency with respect to the equity investments acquired with government grants/third-party funds, which in substance do not attribute to Invitalia either the economic effects typical of an equity instrument (dividends, write-downs, etc.) - as any equity instrument (whether involving a non-controlling interest, or a financial connection or joint control or control), which therefore represents "a residual interest in the assets of the entity after deducting all of its liabilities" - nor the power to take specific actions typical of ownership (e.g., the sale of the shareholding acquired through the grants/third-party funds received), despite having legal title to the shares representing the share capital of a company. Taking into account the specificity of the context just described, the Agency has adopted a

specific accounting policy for the recognition and valuation of equity investments acquired by means of grants/resources of third parties.

The initial recognition and subsequent valuation of these equity investments are made at cost, at the settlement date, including costs or proceeds directly pertaining to the transaction. At each balance sheet or interim reporting date, the presence or absence of impairment of equity investments is verified. The recognition of such evidence is based on the existence of qualitative and quantitative indicators illustrated below. In presence of these indicators, an impairment test is carried out in accordance with the provisions of IAS 36, aimed at estimating the recoverable value of the equity investment and comparing it with its book value in order to determine whether value adjustments should be recognised. With particular reference to those equity investments whose individual book value was deemed irrelevant - in accordance with the provisions of IAS 1:7 - shareholders' equity is used as the method to determine the recoverable value of the equity investment - as it approximates the fair value calculated with a simple equity method - to be compared with the book value of the same in order to determine the recognition of any impairment. As indicated above, at each balance sheet, or interim reporting date, the presence of specific qualitative and quantitative indicators is assessed, such as:

- the achievement of negative economic results or, in any case, a significant deviation from budget targets (or from multi-year plans);
- significant financial difficulties of the investee company;
- likelihood that the investee company will declare bankruptcy or be subject to other financial restructuring procedures;
- the distribution of a dividend greater than the profit for the period and existing profit reserves;
- the distribution of a dividend by the investee company in excess of the profit in the comprehensive income statement (or comprehensive income for financial companies) in the year in which it declares it.

The equity investments currently affected by this accounting treatment, for the purposes of both the separate and consolidated financial statements, are as follows:

1. Mediocredito Centrale SpA limited to the portion of assets earmarked for the purchase of the equity investment in Banca Popolare di Bari SpA;
2. Shareholding in Acciaierie d'Italia Holding SpA;
3. Shareholding in Reithera Srl;
4. Shareholding in TLS Sviluppo Srl;
5. Shareholding in DRI d'Italia SpA;
6. Shareholdings acquired as per Law 181/89 (CMS Srl in bankruptcy, Ela SpA in bankruptcy, Elimirad Service Srl in liquidation, Fonderie SpA in bankruptcy, Gustavo De Negri & ZA.MA. Srl, Jonica Impianti Srl, Peritas Srl, PRO.S.IT. Srl in bankruptcy, Sicalp Srl in bankruptcy, SIE- Società Ittica Europea in controlled administration, Simpe SpA in bankruptcy, Sural SpA in bankruptcy, Tekla Srl formerly Mexall Sistemi).

With regard to undertakings acquired with third-party funds for which the Agency is identified as a mere managing entity, they are recognised under 'Commitments' and not under Equity Investments, as these are facilitation measures for which the Agency is only responsible for implementing as envisaged by such measures.

#### *Equity investments held for sale*

For these equity investments, please refer to the more detailed description in the section below entitled "Non-current assets and disposal groups classified as held for sale".



## **Property, plant and equipment**

### **Classification Criteria**

This item includes land, buildings, furniture, plant and machinery. Property, plant and equipment are initially recognised at cost, which includes, in addition to the purchase price, any accessory charges directly pertaining to the purchase and commissioning of the asset. Extraordinary maintenance costs that result in an increase in future economic benefits are recognised as an increase in the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

This item also includes renovation costs of non-owned real estate, which are capitalised in view of the fact that, for the duration of the contract allowing for their use (rental, gratuitous loan, concession, etc.), the user company has control over the assets and can derive future economic benefits from them. In application of the new accounting standard IFRS 16, Property, plant and equipment also include rights of use acquired through leasing and related to the use of property, plant and equipment for the lessees.

### **Recognition criteria**

The item Property, plant and equipment is initially recorded at purchase cost including any directly attributable accessory charges. The cost is increased by any costs subsequently incurred to improve, replace a part or perform extraordinary maintenance that will increase future economic benefits. Ordinary maintenance costs are charged directly to the income statement. Under IFRS 16, leases are accounted for using the right-of-use model, whereby, at the inception date, the lessee has a financial obligation to make payments due to the lessor to compensate for its right to use the underlying asset during the lease term. When the asset is made available to the lessee for use (the initial date), the lessee recognises both the liability and the asset consisting of the right of use.

### **Measurement criteria**

The item Property, plant and equipment is measured at cost minus any depreciation and impairment losses. The depreciable amount is represented by the cost of the assets (or the restated net value if the valuation method used is revaluation) minus the residual value at the end of the depreciation process, if significant. Buildings are depreciated at a rate deemed appropriate to represent the depreciation of the assets over time as a result of their use, taking into account extraordinary maintenance costs, which are added to the value of the assets. Renovation costs of buildings not owned are depreciated over a period not exceeding the duration of the utilisation contract.

If there is any indication that an asset may be impaired, the asset's book value is compared with its recoverable value. Any adjustments are recognised in the Income Statement.

If the reasons that led to the recognition of the loss cease to exist, a write-back is recognised, which may not exceed the value that the asset would have had, net of calculated depreciation, in the absence of previous impairment losses. With regard to assets consisting of the right of use, which are accounted for under IFRS 16, they are measured using the cost model in accordance with IAS 16 - Property, Plant and Equipment; in this case, the assets are subsequently depreciated over the term of the lease agreements.

### **Derecognition Criteria**

A Property, plant and equipment asset is derecognised on disposal or when the asset is retired from use and no future economic benefits are expected from its disposal.

The positive or negative balance of value adjustments and reversals relating to Property, plant and equipment held for functional use or investment purposes or constituting inventories of Property, plant and equipment measured in accordance with IAS 2, including those relating to assets acquired under finance leases, must be recognised in the income statement under item '180. Net adjustments to Property, plant and equipment'.

In addition, in the case of Property, plant and equipment measured at fair value for functional use, for investment purposes and inventories, the positive or negative balance between write-downs and revaluations must be recognised in the income statement under item '230. Net result of fair value measurement of property, plant and equipment and of Intangible assets'.

## **Intangible assets**

### **Classification Criteria**

Intangible assets are recognised as such if they are identifiable and arise from legal or contractual rights. Intangible assets also include goodwill, which represents the positive difference between the acquisition cost and the fair value of the assets and liabilities pertaining to an acquired company.

### **Recognition and Measurement criteria**

Intangible assets are recognised at cost, adjusted for any contingent charges, only if it is probable that the future economic benefits pertaining to the asset will materialise and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is recognised in the income statement in the year it is incurred.

In summary, the following conditions must be met for the registration of an intangible asset:

- a. The cost of the asset can be reliably determined.
- b. The activity is capable of producing future economic benefits for the enterprise.

Intangible assets must be recognised:

- i. At purchase cost, if purchased from third parties or performed on the basis of sub-contracts (contract work in progress). This cost includes directly attributable ancillary charges (e.g., installation and testing costs, notary fees, registration fees, any non-deductible VAT) and reduced by any trade discounts. If payment for an intangible asset is deferred beyond the normal terms of deferral, the cost must be discounted and determined on the basis of the equivalent cash price; the difference between this amount and the total payment is recognised as an offsetting entry to the debt as interest over the life of the debt;
- ii. The cost of personnel employed in the implementation of the intangible asset may contribute to the direct cost of production, especially with reference to the typical activity of the group, if it is easily calculable and adequately demonstrable (e.g., through the preparation of special reports or timesheets); other recognisable costs may relate to professional fees incurred directly in bringing the asset into its operating condition, and also costs for verifying whether the asset is operating properly;
- iii. With regard to Intangible assets acquired by way of use (by way of a licence for use), it is only possible to capitalise any consideration paid initially on a 'one-off' basis. Periodic payments (fees, royalties, etc.), on the other hand, are considered costs for the financial year. In certain circumstances, an intangible asset may be acquired in whole or in part without incurring a charge by means of a government grant. This may occur where a government transfers or allocates Intangible assets such as licences to operate radio stations, importation licences, quotas or rights to access other scarce resources. The asset received and the contribution are recognised at a symbolic value.

For assets with a finite useful life, the cost is amortised on a straight-line basis or at decreasing rates determined by the inflow of expected economic benefits from the asset. On the other hand, assets with an indefinite useful life are not subject to systematic amortisation.

If there is any indication that an asset may be impaired, the recoverable amount of the asset is estimated. The amount of the loss, recognised in the Income Statement, is equal to the difference between the asset's book value and its recoverable amount.

The balance, whether positive or negative, of value adjustments and reversals relating to Intangible assets, other than goodwill, including those relating to assets acquired under finance leases and assets granted under operating leases, must be recognised in the income statement under item '190. Net adjustments to intangible assets'.

In addition, with regard to Intangible assets measured at fair value, the positive or negative balance between write-downs and revaluations must be entered in the income statement under item '230. Net result of fair value measurement of property, plant and equipment and Intangible assets'.

### **Derecognition Criteria**

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

### **Non-current assets and disposal groups classified as held for sale**

The separate disclosure of "Non-current assets (or 'Asset Groups - Disposal Groups') held for sale" and related liabilities in the liability item "Associated liabilities held for sale" meets the need for more transparent disclosure for the reader of the financial statements. Current assets, on the other hand, may only be classified under "Non-current assets held for sale" if they are part of or form part of a Disposal Group. A 'Disposal group' is a collection of directly associated assets and liabilities, such as cash generating units, that are intended to be disposed of through sale, or otherwise, in a single transaction. In the case of groups of assets, separate recognition of assets and liabilities in the balance sheet is required, without the possibility of offsetting the two positions. The measurement principles set out below do not apply to deferred tax assets, assets related to employee benefits and financial assets within the scope of IFRS 9, whether held for sale as individual assets or included in a Disposal Group. Conversely, the classification methods apply without distinction to all non-current and current assets (if included in a Disposal Group) that are 'held for sale', as well as related liabilities. Assets held for sale are valued at the lower value between book value and fair value minus sale costs and are shown separately and distinctly in the balance sheet.

The following assets can be classified as held for sale:

- I. Individual non-current assets (non-current assets);
- II. Group of assets only or group of assets and liabilities (disposal group);
- III. Discontinued operations.

A discontinued operation is a part of a business (e.g., a business unit) that is classified as held for sale and:

- represents an important line of business or geographical area of activity;
- is part of a coordinated plan to divest a business or geographical line of business,
- is a subsidiary purchased solely for the purpose of resale.

#### **Classification of assets held for sale**

Classification as Assets held for sale can be made if the following conditions are met:

- The book value is recovered mainly through sale rather than through operational use;
- The sale is highly probable.

The sale is considered highly probable when:

- Management is committed to the sale through a sales plan and a buyer identification programme;
- The selling price is reasonable in relation to the current fair value;
- The sale must take place within one year from the date of reclassification;
- The activities for the completion of the plan indicate that it is unlikely that significant changes will be made to the plan or that the plan will be withdrawn.

The extension of the afore mentioned one-year period to complete the sale does not preclude classification as 'Assets held for sale' if the delay is caused by events and circumstances beyond management's control and there is sufficient evidence that management will remain committed to its plan to sell.

If the period for sale extends beyond one year, classification as Assets held for sale must be maintained in the following cases:

- i. The company management is committed to the sale plan but expects that others, not the buyer, will impose conditions on the sale that will increase the period required for the sale;
- ii. There is a binding commitment to purchase but the buyer or others unexpectedly impose new conditions on the assignment;
- iii. Circumstances arise during the initial one-year period that were previously considered unlikely and which extend the period of the sale.

The requirements set out above must be met at the financial year-end date. Any assets (or 'groups of assets') that meet these requirements after the financial year-end date, but prior to the approval of the balance sheet, will only give rise to a disclosure obligation similar to that in the first year in which an asset is classified as 'held for sale'.

This item, within the company, includes the non-strategic equity investments that have been put up for sale or begun to be disposed of; these assets, due to both the group's operating characteristics and the peculiarities of the assets being disposed of (related to the timing of disposal or liquidation), may, depending on the specific case, be classified and maintained in this item regardless of the timing of liquidation/disposal.

### **Measurement of assets held for sale**

Assets held for sale must be valued at the lower value between book value and fair value minus sale costs. If the sale extends beyond one year, the selling costs must be measured at present value. Any increase in the present value of sales costs, which results from the passage of time, must be charged to the income statement as a financial cost.

The book value of assets held for sale must be determined immediately prior to their classification, taking into account IFRS/IAS applied up to that time. At the end of the reporting period (or at the interim reporting period), the book value so determined must be aligned, if lower, with the fair value net of sale costs of the held-for-sale asset, recognising an impairment loss. In the case of a cash-generating unit, the impairment loss shall be allocated to reduce the book value of any allocated goodwill, and subsequently to reduce other assets in proportion to their book value.

Capital gains in excess of accumulated impairment losses may not be recognised.

Assets held for sale are not to be depreciated from the time they are classified as such.

Assets held for sale that are part of a business combination are only to be measured at fair value minus sale costs.

Reductions in fair value minus sale costs resulting from the classification are recognised in the income statement as impairment, while any reversals of impairment losses resulting from increases in fair value minus sale costs may only be recognised to the extent of previously recognised impairment losses.

If the conditions for classification as an asset held for sale are no longer met, the related assets must be valued at the lower value between:

- i. the book value prior to classification as assets held for sale adjusted for any depreciation or revaluation that would have been recognised if there had been no such classification, and
- ii. the value recoverable through use.

Adjustments to the book value arising from the termination of the classification as assets held for sale must be recognised in the income statement under capital gains and losses relating to operating activities in the year.

### **Representation of Assets Held for Sale in the Financial Statements**

Assets held for sale must be shown separately in the statement of financial position, without adjusting the comparative information, according to the following criteria:

- i. Non-current assets must be shown as current assets on a separate line;
- ii. The assets and liabilities for assets held for sale must be presented as current assets and liabilities in a single separate line without the possibility of offsetting;
- iii. Cost and revenue components recognised in other comprehensive income that relate to a non-current asset or to the assets and liabilities of an asset held for sale must be shown separately.

Equity investments in subsidiaries and joint ventures held for sale are not excluded from consolidation but must be reported in the statement of financial position on separate lines, showing the total assets and liabilities of the subsidiary, valued at the lower value between book value and fair value minus sale costs.

For discontinued operations only, a single amount arising from:

- profit and loss after tax realised in the period of destination for sale and in all previous periods presented;
- after-tax gains and losses from fair value adjustment and disposal

should be reported in the Income Statement.

Furthermore, the notes to the financial statements must indicate:

- I. the amount of revenues, costs, profit or loss before tax;
- II. the amount of income tax;
- III. the amount of after-tax gains and losses arising from fair value adjustments and disposals.

The cash flow statement must show separately the amount of cash flows arising from the operating and financing activities of the discontinued operation.

The balance, whether positive or negative, of income (interest, dividends, etc.) and charges (interest payable, depreciation, etc.) relating to groups of assets held for sale and associated liabilities, net of the related current and deferred taxation, must be recognised in the income statement under item '290. Profit (Loss) on discontinued operations after taxes'.

### **Other assets**

This item includes assets that cannot be allocated to other balance sheet asset items. They include, inter alia, receivables related to the provision of activities and services, other than financial activities and services as defined by the T.U.B. (Consolidated Banking Act) and the T.U.F. (Consolidated Law on Finance), tax items other than those recognised under 'Tax assets' as well as accruals other than those to be capitalised on the related financial assets.

This item also includes improvements and incremental expenses incurred on third-party assets other than those pertaining to "Property, plant and equipment" as well as any inventories of assets as defined in IAS 2, excluding those classified as inventories of Property, plant and equipment.

This item includes receivables and debt securities issued from funds administered on behalf of the State or other public bodies, the management of which is remunerated solely by means of a lump-sum fee (commission) and which therefore can be classified as mere services.

### **Financial liabilities measured at amortised cost**

#### **Classification Criteria**

Due to banks, Due to customers and Securities issued include the various forms of funding. Also included are liabilities recognised by the company as lessee under financial leasing operations.

#### **Recognition criteria**

Initial recognition of these financial liabilities takes place on the date the contract is entered into, which normally coincides with the time of receipt of the amounts collected or the issue of the debt securities. Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, plus any additional costs/proceeds directly pertaining to the individual funding transaction. Internal administrative costs are excluded.

#### **Measurement criteria**

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

The exception is short-term liabilities, for which the time factor is negligible, which remain recorded for the value collected.

#### **Derecognition Criteria**

Financial liabilities are derecognised when they expire or are extinguished. Derecognition also occurs when previously issued bonds are repurchased. The difference between the book value of the liability and the amount paid to purchase it is recognised in the Income Statement.

The placing of own securities on the market after their repurchase is considered a new issue with registration at the new placement price.

In the event of repurchase of own financial liabilities, the positive or negative balance of gains and losses must be recognised within item '100. Profits/losses on disposal or repurchase of c) financial liabilities'.

### **Other liabilities**

Other liabilities include cash security deposits received from third parties and tax liabilities due beyond twelve months.

Other liabilities include: short-term payables to third parties of a different nature; other types of payables (e.g., payables to social security institutions, payables to employees for wages and salaries to be paid; payables for amounts received on behalf of third parties; payables for advances received from customers); accrued expenses and deferred income.

Also for financial instruments on the liabilities side, in the short term for the purpose of measurement/valuation at amortised cost, no discounting of the financial instrument is performed as the effect of the time value of a financial nature is not significant. With reference to payables to personnel, these represent obligations to pay a determined amount at a pre-determined date. They are, therefore, liabilities that are certain in their existence and amount, while those that are probable or based on estimates and actuarial calculations are recognised in the item 'Employee benefits'.

This item includes, in particular, the following types of payables:

- i. Payables to social security institutions;
- ii. Accrued expenses and deferred income;
- iii. Advances from suppliers.

Payables represent obligations to pay a specified amount on a specified date. They are, therefore, liabilities that are certain in existence and amount, while those that are probable or based on estimates are recognised in provisions.

This item also includes interest expense arising from payables to others both in the event that the accrual period relates to two accounting periods and in the event that the interest is fully accrued at the end of the period.

This item includes payables for third-party funds administered on behalf of the State or other public entities whose management can be classified as mere service and is remunerated solely with a lump-sum fee (commission). Also recognised under this item are amounts made available by public sector entities, for a limited period of time, provided that they are fully economically and financially available to the intermediary and are not interest-bearing.

Payables for third-party funds administered on behalf of the State or other public bodies relating to facilitation measures for which the Agency acts solely as agent are not recognised under this heading but entered under commitments together with the related uses.

This item also includes government grants received in accordance with the section on "Government Grants" below.

### **Government grants**

IAS 20 requires that government grants be recognised in the balance sheet only if 'there is reasonable certainty' that:

- i. The entity will comply with the conditions;
- ii. Contributions will be received.

Government grants must be accounted for in accordance with the income system, i.e., they must be recognised as income in the income statement, on a systematic and rational basis, in the periods necessary for relating them to the costs pertaining to them.

Government grants cannot be directly recognised in shareholders' equity; in other words, there is no provision for them to be accounted for according to the 'balance sheet system'.

## Types of government grants:

IAS 20 provides for the following different types of government grants:

### 1. Capital grants/Systems grants:

Public capital contributions are defined as 'public contributions for the obtainment of which an essential condition is that the enterprise purchases, constructs or otherwise acquires fixed assets'. The granting of the contribution is therefore linked to the construction or purchase (or other forms of acquisition) of tangible and Intangible assets, the usefulness of which is long-lasting, i.e., capital goods for the enterprise;

**Accounting treatment:** 'Capital grants' are accounted for on the basis of 'income criteria', i.e. by systematically recognising them in the income statement, with two possible methods of presentation allowed under IAS 20. The first method, known as the 'deferred revenue method', provides for the recognition of the grant as deferred revenue, which must be recognised as proceeds, i.e., as a positive income component, on a systematic and rational basis over the useful life of the asset acquired or constructed. In essence, following this method, the grant is initially deferred as deferred revenue in the liabilities of the balance sheet, with the portion of the grant not pertaining to the year being deferred to future years through the entry of deferred income. The amount of deferred income will be progressively reduced, until it reaches zero, by charging the portion of the grant pertaining to future years to the income statement on the basis of the useful life of the assets. The second method, known as the "net presentation method", implies the recording of the purchased (or constructed) asset in the balance sheet net of the grant issued for its acquisition. Proceeding in this manner, the grant affects the Income Statement indirectly, through the reduction of the depreciation of the acquired (or constructed) asset. The method chosen by Invitalia to account for this type of grant is the 'deferred revenue method' under the item 'Other liabilities'. In short, the value of this type of contribution is suspended within Liabilities and progressively released to the income statement within the item "Other operating income" in proportion to the duration of the useful life of the asset in question, thus correlating it to the depreciation of the asset itself.

### 2. Operating grants:

Operating grants are a residual category, i.e., all government grants other than capital grants.

**Accounting treatment:** this type of contribution, which is correlated to cost components, must be recognised within the item "Other Operating Income" and systematically spread over the various financial years so that the revenues are correlated to the costs they are intended to offset. Consistently with the "income" criterion, if a grant is related to future costs, it can only be recognised in the income statement in the financial year in which the charge for which the grant was recognised occurred. If a grant is made for the purpose of providing financial support to an enterprise, the grant is recognised in the income statement only in the year in which it becomes receivable. Given the characteristics of the parent company, and with specific reference to systems grants, the related assets may be accounted for according to the assets the grant refers to, for example:

- item 40 - Financial assets measured at amortised cost;
- item 70 - Equity investments;
- item 80 - Property, plant and equipment;
- item 110 - Non-current assets and disposal groups classified as held for sale
- item 120 - Other Assets - [Inventories].

The information referred to in paragraphs 125 et seq. of Art. 35 of Law Decree No. 34 dated 30 April 2019 is reported under the individual items on which are based the subsidies, grants or contributions or without consideration, remuneration or compensation received.

This item also includes the grant received pursuant to Article 1, Paragraph 1 of Legislative Decree No. 14 dated 16/12/19, for the accounting treatment of which please refer to "Section 4 - Other Aspects" of "Part A1 - General Section" of these notes.

### **Employee termination benefits (employee benefits)**

The liability relating to guaranteed employee benefits paid on or after the termination of employment through defined benefit plans, represented by the employee severance pay fund, is recognised in the period in which the right accrues, net of any plan assets and advances paid, and is determined on the basis of actuarial assumptions and recognised on an accrual basis consistently with the work services required to obtain the benefits. The Projected Unit Credit Method is used for discounting purposes. Plan costs are recognised in the income statement for the period.

Actuarial gains and losses are fully recognised in the reporting period and charged to shareholders' equity. The actuarial analysis is carried out annually by an independent actuary.

### **Provisions for risks and charges**

Allocations to funds are only made when:

- a current (legal or implicit) obligation exists as a result of a past event;
- it is probable that economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are recorded at the value representing the best estimate of the amount that the company would pay to settle the obligation or to transfer it to a third party at the balance sheet date. Risks for which the occurrence of a liability is possible are disclosed in the notes to the financial statements or in the report on operations without making any provision. If the effect of discounting is significant, provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money and the risks specific to the liabilities. When discounting is performed, the increase in the provision due to the passage of time is recognised as a financial expense.

### **Current and Deferred Taxes**

The effects of deferred tax assets and liabilities calculated in accordance with national tax legislation on an accrual basis are recognised, consistently with the way the costs and revenues that generated them are recognised in the financial statements, applying the tax rates in force.

Income taxes are recognised in the income statement, except for those relating to items debited or credited directly to shareholders' equity.

The provision for income taxes is determined on the basis of a prudent forecast of the current, prepaid and deferred tax burden.

Deferred tax assets and liabilities are determined on the basis of temporary differences - without time limits - between the value attributed to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes.

Deferred tax assets and liabilities are recognised:

- the former only if there is a probability of their recovery, assessed on the basis of the company's ability to continuously generate positive taxable income;
- the latter, if any, in any case.

Assets and liabilities recognised for deferred tax assets and liabilities are systematically measured to account for any changes in regulations or rates.

Where deferred tax assets and liabilities relate to items that affected the income statement, the balancing entry is income tax. In cases where deferred tax assets and liabilities relate to transactions that directly affected shareholders' equity without affecting the income statement (such as the valuation of available-for-sale financial instruments or cash flow hedging derivatives), they are recognised as a balancing entry in shareholders' equity, affecting the relevant specific reserves.



## **Recognition of revenues**

Revenues are recognised when a customer obtains control of the goods. The identification of the transfer of control is determined on the basis of a five-step analysis model that applies to all revenues from contracts with customers:

- i. Identification of the contract with the customer;
- ii. Identification of performance obligations (i.e., contractual commitments to transfer goods and/or services to the customer);
- iii. Determination of the transaction price;
- iv. Allocation of the transaction price to identified performance obligations based on the stand-alone selling price of each good or service; and
- v. Recognition of revenue per individual performance obligation when it is met.

When signing each customer contract, the parent company, in relation to the goods or services promised, identifies as a separate obligation each promise to transfer to the customer a good, a service, a series of goods or services, or a combination of goods and services that are distinct. Revenues are measured at the fair value of the consideration receivable, including any variable components, where it is considered highly probable that these will not be reversed in the future.

Revenues may be recognised:

- at a specific time, when the entity fulfils its performance obligation by transferring the promised good or service to the customer, or
- over time as the entity performs the performance obligation by transferring the promised good or service to the customer.

Revenues are recognised to the extent that their value can be reliably determined and it is probable that the related economic benefits will be achieved by the Group.

Depending on the type of transaction, revenue is recognised on the basis of the specific criteria below:

- Provision of services/sale of goods - such revenue is recognised only if:
  - a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and have undertaken to fulfil their respective obligations;
  - b) the company may identify the rights of each party in respect of the goods or services to be transferred;
  - c) the company may determine the terms of payment for the goods or services to be transferred;
  - d) the contract has commercial substance (i.e., the risk, timing or amount of future cash flows are expected to change as a result of the contract);
  - e) it is probable that the company will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer. In assessing the likelihood of receiving the amount of consideration, the company need only take into account the customer's ability and intention to pay the amount of consideration when it is due. If the consideration is variable, the amount of the consideration to which the company will be entitled may be less than the price stipulated in the contract because the company may grant the customer a price discount.

Invitalia basically operates under two different headings:

- Contracts for the sale/provision of goods/services: in which revenue is directly commensurate with the costs incurred, which are reported and approved. In all contracts belonging to this category, the revenue is configured as a reimbursement of costs (Cost Contracts), accounted for under the item "Fee and commission income" sub-item 5 "services", which includes both fees and contributions for the reimbursement of costs incurred in carrying out activities related to the operating programmes assigned by the competent Administrations. This is the situation in which Invitalia is engaged in the provision of a service mainly using its own labour and providing for the reporting of the same. The valuation of these revenues is, therefore, represented by the external costs for the acquisition of goods and services, the internal cost of the personnel involved in the implementation of the service, and the general expenses calculated as a percentage of direct costs (external and internal);
- Contracts in which it acts as "Delegated Contracting Authority": the Public Administration contracts with Invitalia for the tendering of the realisation of a work or a service with a third-party supplier.

This is the situation in which Invitalia is responsible for carrying out a work or service and returning it to the client on a 'turnkey' basis. Thus, two types of costs are accounted for:

- External cost of the supplier awarded the contract (pass-through cost for Invitalia);
- Internal cost of staff dealing with the administrative/bureaucratic management of the order.

In contracts identified as 'with contracting authority powers', in which Invitalia acts as 'agent', the performance obligation consisting in arranging for a third party to provide the specific good or service, pursuant to the new IFRS 15 accounting standard, the component of the contract price relating to the cost of the third-party supplier is no longer recognised as revenue but is netted with the cost incurred in fulfilling that obligation.

- **Interest** - Income is recognised on the basis of the interest accrued on the net value of the related financial assets using the current interest rate (a rate that exactly discounts estimated future cash flows to the net book value of the asset);
- **Dividends** - These are recognised when the shareholders' right to receive payment is established.

### **Use of estimates and assumptions in the preparation of financial disclosures**

In accordance with IAS/IFRS, management makes judgements, estimates and assumptions to support the application of accounting policies in determining the amounts of assets, liabilities, expenses and revenue reported in the financial statements. The estimates and associated assumptions are based on past experience and other factors that are considered reasonable in the circumstances and are used to estimate the book value of assets and liabilities that is not readily apparent from other sources.

In particular, estimation processes were adopted to support the book value of the most significant valuation items recognised in the financial statements as at 31 December 2022, as required by current accounting standards and by the reference regulations described above.

These processes are largely based on estimates of the future recoverability of the amounts recognised in the financial statements and have been performed on a going concern basis, i.e., without assumptions of forced liquidation of the items being measured. The estimates and related assumptions are based on past experience and other factors considered reasonable in relation to assets and liabilities for which the relative value is not readily apparent from other sources.

Estimates and assumptions are reviewed regularly, taking into account the best information available at the date of the physiological review of the same, including the historical experience specifically accrued by the company. Any changes resulting from such revisions are recognised in the period in which the revision is made, if the revision concerns only that period. If, on the other hand, the revision affects both current and future periods, the change is recognised in the period in which the revision is made and in the relevant future periods.

Please refer to 'Section 4 - Other Aspects – Information on Impacts of Covid-19 - Risks and Uncertainties Related to the Use of Estimates' in Part A of the Notes to the Financial Statements above for a full description of the main cases where the use of subjective assessments is required.

### **A.3 Information on transfers between portfolios of financial assets**

In FY2022 there were no transfers of portfolios of financial assets.

### **A.4 Fair Value Disclosures**

#### **A.4.1 Fair Value levels 2 and 3: measurement techniques and inputs used**

For mutual investment funds not listed in an active market, which are generally considered Level 2, fair value is expressed by the NAV (Net Asset Value), i.e., the difference between the fund's assets and liabilities. The NAV, in the case of UCITS (Undertakings in Collective Investment) funds deemed illiquid, may be adjusted as appropriate to take into account the fund's illiquidity, i.e., to take into account possible changes in value in the time interval between the redemption request date and the date of actual redemption, as well as to take into account any exit fees.

Level 3 includes insurance policies in which the value of the insured capital corresponds to the consolidated capital at the date of maturity, increased by the net return. In order to measure the fair value of the policies, the surrender value reported by the insurance companies in their periodic statements, net of any early surrender fees, is used.

#### A.4.2 Measurement processes and sensitivities

As it involves a residual use of financial estimation methodologies, the type of instruments falling under FV level 3 makes their measurement insignificantly affected by changes in inputs.

#### A.4.3 Fair Value hierarchy

With regard to the breakdown of portfolios by fair value hierarchy, here below is the distinction into the three levels:

- the fair value of financial instruments is associated with **Level 1** when the instruments are listed in active markets that allow market prices to be used reliably for their measurement;
- the fair value of financial instruments is associated with **Level 2** when the instruments are not listed in active markets that nevertheless permit measurement models based on observable market price data to be used to determine their fair value;
- the fair value of financial instruments is associated with **Level 3** when the instruments are not listed in active markets that do not allow measurement models based on observable market price data to be used to determine their fair value.

#### A.4.4 Other Information

This information is not provided because it is not applicable.

### Quantitative disclosure

#### A.4.5 Fair value hierarchy

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

Financial assets/liabilities measured at fair value	2022			2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	6,936	6,420	159,360	11,171	7,810	81,703
a) Financial assets held for trading	6,936	6,420	-	11,171	7,810	-
of which: Equity securities	-	-	-	-	-	-
of which: UCI	-	6,420	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	-	-	159,360	-	-	81,703
of which: Equity securities	-	-	-	-	-	-
of which: UCI	-	-	122,480	-	-	35,221
2. Financial assets measured at fair value through other comprehensive income	1,169,816	-	8,998	921,688	-	3,130
of which: Equity securities	2,412	-	8,998	6,790	-	3,130
3. Hedging derivatives	-	26,930	-	-	72,272	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>1,176,752</b>	<b>33,350</b>	<b>168,358</b>	<b>932,859</b>	<b>80,082</b>	<b>84,833</b>
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	20,675	-	-	1,265	-
<b>Total</b>	<b>-</b>	<b>20,675</b>	<b>-</b>	<b>-</b>	<b>1,265</b>	<b>-</b>

Key:  
L1= Level 1  
L2= Level 2  
L3= Level 3

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other mandatory financial assets valued at fair value				
<b>Opening balance</b>	<b>81,703</b>	-	-	<b>81,703</b>	<b>3,130</b>	-	-	-
<b>Increases</b>	<b>105,568</b>	-	-	<b>105,568</b>	<b>5,987</b>	-	-	-
2.1. Purchases	104,689	-	-	104,689	-	-	-	-
2.2. Profits recognised in:	-	-	-	-	-	-	-	-
2.2.1. Income Statement	-	-	-	-	-	-	-	-
- of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	-	-	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other Increases	879	-	-	879	5,987	-	-	-
<b>Decreases</b>	<b>27,911</b>	-	-	<b>27,911</b>	<b>119</b>	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Repayments	8,707	-	-	8,707	-	-	-	-
3.3. Losses recognised in:	12	-	-	12	8	-	-	-
3.3.1. Income Statement	12	-	-	12	-	-	-	-
- of which capital losses	12	-	-	12	-	-	-	-
3.3.2. Shareholders' equity	-	-	-	-	8	-	-	-
3.4. Transfers from other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	19,192	-	-	19,192	111	-	-	-
<b>4. Closing balance</b>	<b>159,360</b>	-	-	<b>159,360</b>	<b>8,998</b>	-	-	-

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	2022				2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	5,575,663	98,712	1,377	4,593,911	3,606,137	116,515	1,752	3,678,044
2. Property, plant and equipment held for investment	22,549	-	-	22,771	22,330	-	-	22,330
3. Non-current assets and disposal groups classified as held for sale	84,590	-	-	84,590	212,395	-	-	212,395
<b>Total</b>	<b>5,682,802</b>	<b>98,712</b>	<b>1,377</b>	<b>4,701,272</b>	<b>3,840,862</b>	<b>116,515</b>	<b>1,752</b>	<b>3,912,769</b>
1. Financial liabilities measured at amortised cost	5,259,487	-	564,166	4,726,725	3,542,158	-	552,302	2,989,856
2. Liabilities associated with assets classified as held for sale	6,285	-	-	6,285	14,580	-	-	14,580
<b>Total</b>	<b>5,265,772</b>	-	<b>564,166</b>	<b>4,733,010</b>	<b>3,556,738</b>	-	<b>552,302</b>	<b>3,004,436</b>

Key:  
 L1= Level 1  
 L2= Level 2  
 L3= Level 3

## PART B - INFORMATION ON THE BALANCE SHEET

### ASSETS

All amounts in the notes to the financial statements, unless otherwise specified, are in thousands of euros.

It should be noted that as a result of the inclusion of Cassa di Risparmio di Orvieto within the scope of consolidation, the 2022 values are scarcely comparable with those of 2021. The most significant impact mainly concerns item '40. Financial assets measured at amortised cost' and '10. Financial liabilities measured at amortised cost'.

#### Section 1 - Cash and cash equivalents

1.1 Cash and cash equivalents: breakdown

**223,465**      **434,836**

	Total 31/12/2022	Total 31/12/2021
a) Cash	7,099	11
b) On-demand bank deposits	89,112	149,346
c) Cash and cash equivalents	127,254	285,479
<b>Total</b>	<b>223,465</b>	<b>434,836</b>

In addition to cash on hand, this item includes on-demand deposits and loans to central banks totalling € 223 million.

Sub-item **a) cash** essentially refers to Cassa di Risparmio di Orvieto's own cash on hand; sub-item **b) loans due on demand from banks** includes the subsidiary Medio Credito Centrale's own cash on hand amounting to € 89.1 million; as of 31 December 2021, this item included the liquidity from a time deposit taken out by the subsidiary BPB for about € 150 million; sub-item **c) cash and cash equivalents** was affected by a significant contraction in operations, mainly by the Parent Company, due to the effects of the following events:

- the repayment of the three-year loan for a total amount of € 40 million signed in 2021 with BNL and aimed at paying the purchase price of real estate complexes owned by investee companies;
- the establishment in January of the company DRI d'Italia SpA, wholly owned by Invitalia, required a financial contribution, in implementation of Law Decree No. 142 dated 16 December 2019, amounting to € 35 million. The endowment from the MEF was received at the end of 2021;
- the purchase of 'held-to-collect' securities classified and described under item '40 - Financial assets measured at amortised cost' (€ 40.5m) and prudent balanced investment policies and mutual fund units classified under item '20 - Financial assets measured at fair value through profit or loss' (€ 8m), generated the use of financial resources of about € 48m;
- the repayment of € 4.8 million of interest coupons at a nominal rate of return of 1.375% on the bond issued in July 2017 and maturing in the current financial year.

**Section 2 - Financial Assets at Fair Value through Profit or Loss**  
**- Item 20**

<b>172,716</b>	<b>100,684</b>
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Description	31/12/2022	31/12/2021
a) financial assets held for trading	13,356	18,981
b) financial assets designated at fair value	-	-
c) other financial assets mandatorily measured at fair value	159,360	81,703
<b>Total</b>	<b>172,716</b>	<b>100,684</b>

2.1 Financial assets held for trading: product composition

Items/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
<b>A. Cash assets</b>						
1. Debt Securities	6,936	-	-	11,171	-	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other Debt Securities	6,936	-	-	11,171	-	-
2. Equities and shares of UCI	-	6,420	-	-	7,810	-
3. Financing	-	-	-	-	-	-
<b>Total (A)</b>	<b>6,936</b>	<b>6,420</b>	<b>-</b>	<b>11,171</b>	<b>7,810</b>	<b>-</b>
<b>B. Derivative Instruments</b>						
1. Financial derivatives	-	-	-	-	-	-
1.1 trading	-	-	-	-	-	-
1.2 related to the fair value option	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 related to the fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>6,936</b>	<b>6,420</b>	<b>-</b>	<b>11,171</b>	<b>7,810</b>	<b>-</b>

The sub-item "Financial assets held for trading" amounting to € 13,356 thousand consists of domestic financial bonds, managed by the Parent Company, with an average financial duration of one year and an average residual life of 15 months, and, for the remainder, of prudent balanced mutual funds units.

See Annex A.1.a for change details.

### 2.3 Financial assets held for trading: breakdown by debtors/issuers/counterparties

Items/Values	Total 31/12/2022	Total 31/12/2021
<b>A. Cash assets</b>		
1. Debt Securities	6,936	11,171
a) Public Administrations	-	-
b) Banks	6,936	11,171
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equity Securities	-	-
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other broadcasters	-	-
3. UCITS units	6,420	7,810
4. Financing	-	-
a) Public Administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Families	-	-
<b>Total (A)</b>	<b>13,356</b>	<b>18,981</b>
<b>B. Derivative Instruments</b>		
a) Central Counterparts	-	-
b) Others	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>13,356</b>	<b>18,981</b>

Please refer to Annex A.1.a for details of the changes.

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

Items/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
	<b>1. Debt Securities</b>	-	-	50	-	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other Debt Securities	-	-	50	-	-	-
<b>2. Equity Securities</b>	-	-	-	-	-	-
<b>3. UCITS units</b>	-	-	122,480	-	-	35,221
<b>4. Financing</b>	-	-	36,830	-	-	46,482
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	36,830	-	-	46,482
<b>Total</b>	<b>-</b>	<b>-</b>	<b>159,360</b>	<b>-</b>	<b>-</b>	<b>81,703</b>

The composition of financial assets mandatorily measured at fair value shows debt securities for € 50 thousand held by Cassa di Risparmio di Orvieto and UCITS units representing medium- and long-term investments in closed-end securities funds for € 122,480 thousand held by the Parent Company.

The methodology for determining the fair value of UCITS units is based on the latest available NAV (Net Asset Value) communicated by the fund manager. The NAV is modified on the basis of calls and redemptions communicated by the managers and occurring between the date of the last official NAV valuation and the valuation date. With particular reference to the units of the real estate fund named "I-3 Sviluppo Italia", the NAV, thus determined, was adjusted by an amount of € 9.4 million to adjust the security, after a benchmark analysis, to its fair value in order to also consider

the so-called 'liquidity risk' on the shares received against the contribution of the Italia Turismo Tourist Villages.

In this regard, it should be noted that although the Agency holds 100% of the shares of said fund as of 31 December 2022, it is not believed that the prerequisites envisaged by the International Accounting Standard IFRS 10 for qualifying the existing shareholding relationship as a control relationship exist. This specifically follows:

- the assessment of the independence and autonomy of the SGR appointed to manage the fund
- the assessment of the powers vested in the Agency, in its capacity as subscriber and sole participant in the specific Sub-Fund Committee provided for by the Fund's Regulation, which are essentially limited to the expression of a non-binding opinion for the purposes of the approval of the Sub-Fund's business plan and to a power, of an essentially protective nature, with respect to the expression of a binding opinion in the event of transactions and acts in conflict of interest.

In light of the above, the Agency, not having 'power' over the Fund, as defined by IFRS 10, is considered not to have control of the Fund itself and therefore will not consolidate it in its consolidated financial statements. It is noted, however, that even if such consolidation had occurred, given the specific nature of a real estate fund, it would not have generated significant economic or equity effects.

The sub-item 'financing' includes € 35,984 thousand of investment policies with prudent internal bond management, entered into with leading insurance companies for the purpose of stabilising financial management income. This sub-item contributed € 510 thousand to financial management income.

The final amount of investment policies decreased compared to the previous year due to the redemption of certain policies, some of which were surrendered early, but settled in January for a total amount of € 10,084 thousand; therefore, these policies were reclassified under item 120 of assets under "receivables and sundry items".

This item also includes, in the amount of € 846 thousand, the termination indemnity investment policy referring to the partial investment of the TFR (employee termination indemnity) accrued as of 31 December 2022 for former IG SpA employees.

See Annex A.1.c for change details.

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

	<b>Total</b>	<b>Total</b>
	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>1. Equity Securities</b>	-	-
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
<b>2. Debt Securities</b>	<b>50</b>	-
a) Public Administrations	-	-
b) Banks	-	-
c) Other financial companies	50	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
<b>3. UCITS units</b>	<b>122,480</b>	<b>35,221</b>
<b>4. Financing</b>	<b>36,830</b>	<b>46,482</b>
a) Public Administrations	-	-
b) Banks	-	-
c) Other financial companies	36,830	46,482
of which: insurance companies	36,830	46,482
d) Non-financial companies	-	-
e) Families	-	-
<b>Total</b>	<b>159,360</b>	<b>81,703</b>

Please refer to Annex A.1.c for details of the changes.



**Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30**

**1,178,814**

**924,818**

3.1 Financial assets measured at fair value through other comprehensive income. Product composition

Items/Values	Total			Total		
	31/12/2022			31/12/2021		
	L1	L2	L3	L1	L2	L3
<b>1. Debt Securities</b>	<b>1,167,404</b>	-	-	<b>914,898</b>	-	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other Debt Securities	1,167,404	-	-	914,898	-	-
<b>2. Equity Securities</b>	<b>2,412</b>	-	<b>8,998</b>	<b>6,790</b>	-	<b>3,130</b>
<b>3. Financing</b>	-	-	-	-	-	-
<b>Total</b>	<b>1,169,816</b>	-	<b>8,998</b>	<b>921,688</b>	-	<b>3,130</b>

The change from the previous year is mainly pertaining to the entry of Cassa di Risparmio di Orvieto into the scope of consolidation.

3.2 Financial assets measured at fair value through other comprehensive income. Breakdown by debtors/issuers

Items/Values	Total	Total
	31/12/2022	31/12/2021
<b>1. Debt Securities</b>	<b>1,167,404</b>	<b>914,898</b>
a) Public Administrations	1,167,404	914,898
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
<b>2. Equity Securities</b>	<b>11,410</b>	<b>9,920</b>
a) Public Administrations	-	-
b) Banks	5,925	-
c) Other financial companies	54	-
of which: insurance companies	-	-
d) Non-financial companies	5,431	9,920
<b>3. Financing</b>	-	-
a) Public Administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Families	-	-
<b>Total</b>	<b>1,178,814</b>	<b>924,818</b>

The increase in the debt securities portfolio, compared to the previous year, is mainly due to the inclusion of Cassa di Risparmio di Orvieto into the scope of consolidation, which holds government securities of the Italian Republic (BTPs and CCTs) in the amount of € 202 million.

Equity securities in the amount of € 11,410 thousand were distributed as follows:

- held by the subsidiary Mediocredito Centrale (€ 5.4 million) and referring to equity instruments acquired as part of composition procedures concerning certain credit positions, as well as equity investments that cannot be classified under 'equity investments';
- held by Cassa di Risparmio di Orvieto (€ 6 million) and mainly relating to the Cassa's interest in the capital of Bank of Italy.

### 3.3 Financial Assets Valued at Fair Value through Other Comprehensive Income: Gross Value and Total Impairment Provisions

		Gross value					Total value adjustments				Overall partial write-offs
		First stage	of which: Low credit risk instruments	Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
Debt		1,168,342	1,168,342	-	-	-	46	892	-	-	-
Financing		-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31/12/2022</b>	<b>1,168,342</b>	<b>1,168,342</b>	-	-	-	<b>46</b>	<b>892</b>	-	-	-
<b>Total</b>	<b>31/12/2021</b>	<b>915,785</b>	<b>915,785</b>	-	-	-	-	<b>887</b>	-	-	-

### Section 4 - Financial assets measured at amortised cost - Item 40

This item is broken down as follows:

<b>5,575,663</b>	<b>3,606,638</b>
------------------	------------------

Description	31/12/2022	31/12/2021
a) Loans to banks	1,064,022	521,242
b) Loans to financial companies	320,056	207,072
c) Loans to customers	4,191,585	2,878,324
<b>Total</b>	<b>5,575,663</b>	<b>3,606,638</b>

The increase in the item referring to financial assets measured at amortised cost, compared to the previous year, is mainly due to the inclusion of Cassa di Risparmio di Orvieto within the scope of consolidation.

#### a) Loans to banks

"Loans to banks" include resources tied up in the implementation of relief measures and resources allocated "to contracts and agreements". For this reason, the balance sheet value is a reasonable approximation of fair value, which is conventionally classified at level 3 in the fair value hierarchy.

#### 4.1 Financial assets measured at amortised cost: product composition of loans to banks

Type of transaction/Values	Total 31/12/2022						Total 31/12/2021					
	Balance sheet value			Fair value			Balance sheet value			Fair value		
	First and second stage	Third stage	impaired acquired or originated	L1	L2	L3	First and second stages	Third stage	impaired acquired or originated	L1	L2	L3
<b>1. Term deposits</b>	93,930	-	-	-	-	-	15,987	-	-	-	-	-
<b>2. Current Accounts</b>	930,834	-	-	-	-	-	478,576	-	-	-	-	-
<b>3. Financing</b>	1,215	-	-	-	-	-	250	-	-	-	-	-
3.1 Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Lease Financing	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Other Financing	1,215	-	-	-	-	-	250	-	-	-	-	-
<b>4. Debt Securities</b>	38,015	-	-	25,458	-	13,724	26,326	-	-	17,307	-	11,538
4.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Other Debt Securities	38,015	-	-	25,458	-	13,724	26,326	-	-	17,307	-	11,538
<b>5. Other Assets</b>	28	-	-	-	-	28	103	-	-	-	-	103
<b>Total</b>	<b>1,064,022</b>	<b>-</b>	<b>-</b>	<b>25,458</b>	<b>-</b>	<b>13,752</b>	<b>521,242</b>	<b>-</b>	<b>-</b>	<b>17,307</b>	<b>-</b>	<b>506,454</b>

The item Term Deposits includes:

- the Mandatory Reserve that Mediocredito Centrale holds with Unicredit for € 13.7 million. Given the nature of the item, the fair value is equal to the book value;
- the term deposits of Cassa di Risparmio di Orvieto, amounting to approximately € 80.2 million, held with Banca Popolare di Bari, include both the Cassa's share of the intra-group deposit plan in place with Mediocredito Centrale for approximately € 70 million and the mandatory reserve

The sub-item 'Deposits and current accounts' includes:

<b>Ordinary deposits</b>	
Financial resources dedicated to contracts and agreements	108,245
Financial resources from national and EU funds	822,589
<b>Total deposits</b>	<b>930,834</b>

Financial resources dedicated "exclusively and non-exclusively" to contracts and agreements amount to € 108,245 thousand, details of which are given below:

	2022	2021
Broadband and Ultra-Broadband orders	75,462	101,767
Local authority procurement contracts (1)	25,855	25,521
Funds Dedicated Non-Exclusively to Public Conventions	65	65
Others	6,863	5,860
	<b>108,245</b>	<b>133,213</b>

(1) Interest not accruing during the year

The '**Broadband and Ultra-Broadband**' order, managed by the subsidiary Infratel Italia Spa, includes the resources available under the National Broadband Plan and the Ultra-Broadband strategic project, aimed at building infrastructure and networks to reduce the digital divide existing in areas of the country.

Financial liquidity in the amount of € 25,855,000 '**Local Government Contracts**' mainly comprises:

- financial resources amounting to approximately € 4.7 million for the launch of two new contracts dedicated to the rehabilitation, reclamation and urban and environmental redevelopment of slum areas in the city of Messina;
- financial resources amounting to approximately € 12.5 million for the implementation of measures for the operational safety of the water table in the area of the Servola (TS) ironworks, and for the upgrading of industrial and port activities and environmental recovery in the Trieste crisis area. These activities are carried out within the framework of the national programme "Azioni di Sistema CIPE" of which Invitalia is the implementing party working alongside the Extraordinary Commissioner;
- financial resources amounting to approximately € 1.3 million for the CPR - Centre for Permanence for Repatriation - Caltanissetta Pan del Lago, whose budget allocated by the Prefecture of Caltanissetta was € 3.2 million;

The funds allocated to the management of third-party funds increased significantly during the year, mainly due to the start-up of the NRRP project, the management of which is entrusted to the subsidiary Infratel Italia Spa.

	2022	2021
NRRP	443,684	-
SME Asset Fund DL 34\2020 art. 26	245,802	243,937
DPR 58/87 Revolving Fund	35,159	35,162
Voucher Plan	23,197	-
Law 181/89 (Interventions in Crisis Areas)	22,945	23,600
Blockchain	15,047	-
Sustainable Growth Fund	11,087	13,555
Fund as per Art 25 para. 2 Law 196/97	9,123	-
WIFI funds DFC Mise	5,945	17,972
Voucher 3I DM 18.11.19	3,542	4,859
ERDF Funds formerly Garanzia Italia	1,815	1,817
National funds formerly Garanzia Italia	1,720	1,720
School Plan	1,119	-
Tourism Promotion	760	760
Ottana Area Re-industrialisation	-	550
Museums of Excellence	201	201
Law 208/98 Incentive Funds	1	1
Other operational funds	1,442	1,783
	<b>822,589</b>	<b>345,917</b>

The available resources allocated by MIMIT for the '**NRPP**', amounting to € 443,684 thousand, including interest accrued on interest-bearing accounts, are allocated to the following operational plans:

- 280,500 thousand for the 1-Giga Italy Plan with;
- 111,619 thousand for the Italy 5G Plan;
- 33,505 thousand for the Italy Health Plan;
- 17,779 thousand for the connected Italy School Plan;

The financial resources allocated to the "**SME Asset Fund**", established by Article 1, Paragraph 1 of Law No. 77/2020 (the "Relaunch Law") and amended by Law No. 178/2020 (the "Budget Law"), is aimed at providing incentives to strengthen the capital of medium-sized companies through the subscription, under the conditions and within the terms set forth therein, and within the limits of the Fund's endowment, of newly issued bonds or debt securities. As of 31/12/2022, the item includes financial resources totalling € 245,802 thousand. The residual financial endowment with the State Treasury, in a Special Account, amounts to € 198,969 thousand usable for expenditure commitments.

The financial resources inherent in the '**DPR 58/87 Revolving Fund**' are earmarked for financial assistance to investees in the tourism sector. The increase in financial liquidity refers to the repayment of overdue principal and interest.

The **Voucher Plan** concerns measures to support less affluent households and businesses to promote ultra-broadband connectivity services and the digitalisation of the production system throughout the country. The available resources amount to a total of € 23,197 thousand.

The funds **set aside for Italian Law 181/89** include the financial resources allocated to the disbursements of the subsidised measure amounting to € 22,945 thousand and the balance deriving from the repayment of capital granted. Changes in the fund are shown in liability item 80.

The availabilities allocated to the sub-item '**Blockchain**', amounting to € 15,047 thousand, are for the development of artificial intelligence, Blockchain and Internet of Things technologies and applications.

Cash related to the '**Sustainable Growth Fund**' decreased due to the net effect of the use of about € 5,180 thousand for investments in the Invitalia Venture I Fund and the proceeds (€ 2,700 thousand) from the sale of certain equity investments acquired by the same fund managed by Cdp Venture Capital SGR.

The financial resources relating to the item "**Fund as per Art 25 para. 2 Law 196/97**" are invested in the 'Time Deposit' technical form for an amount of € 9.1 million, in order to increase its profitability.

The cash and cash equivalents relating to the subsidised measure "**Voucher 3I MD 18.11.19**" are intended for the payment of services provided by consultants and lawyers on the lists referred to in the Decree of the Minister of Economic Development dated 18.11.2019, Article 5, and used by the companies benefiting from the subsidised measure. The activities related to this fund are substantially concluded and therefore the account includes the residual availability.

The liquidity related to the resources earmarked for the implementation of concessional interventions, in most measures, does not generate interest income for the Agency and flows directly into the fund under management.

A similar effect occurs for certain resources dedicated exclusively to covering the costs of procurement contracts awarded by the local authorities. It should be noted that the residual amounts of the availabilities tied to the operations envisaged by the various measures will be returned to the purchaser at the end of the reference activities.

The sub-item "**Debt securities**" includes the subordinated Tier II 2019 - 2029 bond issued by Banca Carige, subscribed at par by Mediocredito Centrale for a nominal value of € 12 million. Changes are detailed in Annex A.2.

## b) Loans to financial companies

The balance of this item refers to loans to financial companies, determined by Mediocredito Centrale, Cassa di Risparmio di Orvieto and the parent company Invitalia.

### 4.2 Financial assets measured at amortised cost: breakdown by type of loans to financial companies

Type of transaction/Values	Total 31/12/2022						Total 31/12/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stages	Third stage	impaired acquired or originated	L1	L2	L3	First and second stages	Third stage	impaired acquired or originated	L1	L2	L3
<b>1. Financing</b>	<b>56,238</b>	<b>255</b>	-	-	-	<b>56,493</b>	<b>54,401</b>	-	-	-	-	<b>54,401</b>
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Lease financing	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Other loans	56,238	255	-	-	-	56,493	54,401	-	-	-	-	54,401
<b>2. Debt Securities</b>	<b>263,563</b>	-	-	<b>9,460</b>	-	<b>192,292</b>	<b>152,574</b>	-	-	<b>6,947</b>	-	<b>144,691</b>
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	263,563	-	-	9,460	-	192,292	152,574	-	-	6,947	-	144,691
<b>3. Other assets</b>	-	-	-	-	-	-	<b>97</b>	-	-	-	-	<b>97</b>
<b>Total</b>	<b>319,801</b>	<b>255</b>	-	<b>9,460</b>	-	<b>248,785</b>	<b>207,072</b>	-	-	<b>6,947</b>	-	<b>199,189</b>

Key  
L1= level 1  
L2= level 2  
L3= level 3

The item "**Debt securities** - Other financial companies", refers to Held to Collect (HTC) securities issued by financial institutions and includes, in the Parent Company's warehouse, ABS securities issued by companies providing securitisation, as part of basket bond transactions managed by the subsidiary Mediocredito Centrale and the senior security, with a value of € 17,134 thousand, backed by a "GACS" guarantee from the Italian State, pertaining to the "Pop NPLs 2018 Srl" securitisation transaction, held by Cassa di Risparmio di Orvieto. The movement is detailed in Annex A.2

Fair value is determined by taking into account the market price as at 31.12.22.

The sub-item 'Other loans' of € 56.3 million relates to the exposure of the subsidiaries Mediocredito Centrale and Cassa di Risparmio di Orvieto to financial companies.

There are no receivables from financial institutions pledged as collateral for own liabilities and commitments.

## c) Loans to customers

### 4.3 Financial assets at amortised cost: product composition of loans to customers

Type of transaction/Values	Total						Total					
	31/12/2022						31/12/2021					
	Balance sheet value			Fair value			Balance sheet value			Fair value		
	First and second stages	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stages	Third stage	Impaired acquired or originated	L1	L2	L3
<b>1. Financing</b>	<b>3,483,735</b>	<b>75,590</b>	<b>13,037</b>	-	-	<b>3,705,529</b>	<b>2,246,709</b>	<b>71,769</b>	-	-	-	<b>2,318,478</b>
1.1 Lease financing	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	217,815	827	-	-	-	-	124,708	4,072	-	-	-	-
Bank Factoring	213,139	827	-	-	-	-	-	-	-	-	-	-
- with recourse	2,989	-	-	-	-	-	-	4,038	-	-	-	-
- without recourse	1,687	-	-	-	-	-	124,708	34	-	-	-	-
1.3 Consumer Credit	-	-	-	-	-	-	4,237	-	-	-	-	-
1.4 Credit cards, personal loans and salary-backed loans	9,497	371	-	-	-	-	-	-	-	-	-	-
1.5 Pledge Loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Financing granted in connection with payment services provided	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other Financing	3,256,423	74,392	13,037	-	-	-	2,117,764	67,697	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Debt Securities</b>	<b>85,243</b>	-	-	<b>63,794</b>	<b>1,377</b>	<b>13,836</b>	<b>79,266</b>	-	-	<b>76,828</b>	<b>1,752</b>	<b>5,527</b>
2.1 Structured Securities	9,851	-	-	-	-	9,463	-	-	-	-	-	-
2.2 Other Debt Securities	75,392	-	-	63,794	1,377	4,373	79,266	-	-	76,828	1,752	5,527
<b>3. Other assets</b>	<b>492,776</b>	<b>41,204</b>	-	-	-	<b>612,009</b>	<b>457,227</b>	<b>23,353</b>	-	-	-	<b>480,580</b>
<b>Total</b>	<b>4,061,754</b>	<b>116,794</b>	<b>13,037</b>	<b>63,794</b>	<b>1,377</b>	<b>4,331,374</b>	<b>2,783,202</b>	<b>95,122</b>	-	<b>76,828</b>	<b>1,752</b>	<b>2,804,585</b>

Loans to customers totalling € 3,573 million consisted mainly of loans granted by the subsidiaries Medio Credito Centrale and Cassa di Risparmio di Orvieto.

The sub-item "**Other debt securities**" includes structured securities in the amount of € 9,851 thousand, referring to two minibonds subscribed directly at a variable rate + spread, for which there is a floor at zero of the reference parameter (Euribor 6m) and other bonds, subscribed mainly through the basket bond mechanism, based on the issue of an ABS security guaranteed by a pool of minibonds.

The sub-item "**Other assets**" includes receivables for services provided to ministries and public administrations.

The positions are constantly monitored in order to intervene, as far as possible, on the invoicing authorisation process and to minimise the related collection times. Almost all overdue receivables are due from the Public Administration, which makes it difficult to take effective action to collect them. There are no situations in which the right to collect the receivable is time-barred and, in cases of evident uncollectability or bad debts, the Company has proceeded with the partial or full write-down of the related receivable.

Loans to customers include amounts related to orders to build infrastructure on behalf of Regional Administrations and to the sale to telecommunications operators of rights of use on the fibre optic infrastructure built. The positive change recognised in the year is mainly pertaining to penalty invoices issued to the Open Fiber concessionaire for delays accrued with respect to the BUL plan schedule, as better detailed in the Report on Operations. Receivables for 'invoices issued' mainly include the receivable due from the Ministry of Enterprises



and Made in Italy (€ 23,351 thousand), most of which (€ 22,896 thousand) related to works that will be repaid through regional funds and related to the Direct Model. The above-mentioned receivable of € 22,896 thousand from the Ministry of Enterprises and Made in Italy (MiMit), which acts as Intermediate Body in favour of the Regions, is recorded net of a provision for bad debts of € 2,953 thousand, recognised in this financial year. During 2022 and until the early months of 2023, the above receivable, related to the Direct Model, was the subject of a complex reconstruction of the balances carried out by the Public Administration in concert with the operating structures of the Company and the Regions involved. Notwithstanding the efforts made, it was not possible for MiMit to complete the reconstruction of the entire receivable, given its age, in time for the approval of these financial statements. This resulted in the formal certification of a partial amount of €10,336 thousand (about 44% of the total amount). Subsequent discussions with the MiMit revealed that the uncertified difference is mainly pertaining to the complex and laborious activity of recovering and analysing the supporting documentation, the completion of which is expected in the coming months, compatibly with the reporting work that sees the dedicated structure of the MiMit fully involved at this time. Having acknowledged the limitations on the certification of the total amount by the Ministry, and while noting, in agreement with MiMit itself, that the invoices constituting the credit have never been the subject of dispute by either the Public Administration or the commissioning Regions, and that the reconciliation activities underway have not revealed any differences to date, the Company has carried out an assessment of the residual risk, arising from the reconciliation process underway, and has decided to recognise a provision for bad debts of € 2,943 thousand, based on the particular seniority of certain positions. Given that the reconciliation process with MiMit is still in progress, one cannot rule out - although it is considered unlikely - the possibility that, from the continuation of the reconciliation process underway, it may be necessary to make an additional provision, which, however, it is believed from all the elements described above, can only be for an insignificant amount.

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

Type of transaction/Values	Total 31/12/2022			Total 31/12/2021		
	First and second stages	Third stage	Impaired acquired or originated	First and second stages	Third stage	Impaired acquired or originated
<b>1. Debt Securities</b>	<b>85,243</b>	-	-	<b>79,266</b>	-	-
a) Public Administrations	64,641	-	-	68,206	-	-
b) Non-financial companies	20,602	-	-	11,060	-	-
<b>2. Receivables from:</b>	<b>3,483,735</b>	<b>75,591</b>	<b>13,037</b>	<b>2,246,709</b>	<b>71,770</b>	-
a) Public Administrations	57,970	-	-	128,804	-	-
b) Non-financial companies	2,536,720	60,264	11,153	1,793,029	64,579	-
c) Families	889,045	15,327	1,884	324,876	7,191	-
<b>3. Other assets</b>	<b>492,776</b>	<b>41,203</b>	-	<b>457,227</b>	<b>23,353</b>	-
<b>Total</b>	<b>4,061,754</b>	<b>116,794</b>	<b>13,037</b>	<b>2,783,202</b>	<b>95,123</b>	-

#### 4.5 Financial Assets Valued at Amortised Cost: Gross Value and Total Value Adjustments

	Gross value					Total value adjustments				Overall partial write-offs
	First stage	of which: Low credit risk instruments	Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
Debt Securities	390,969	60,649	-	-	-	4,148	-	-	-	-
Financing	3,352,507	-	324,837	214,502	15,260	21,274	20,948	138,655	2,223	2,954
Other assets	945,021	-	607,855	122,499	-	108,251	20,992	81,296	-	-
<b>Total 31/12/2022</b>	<b>4,688,497</b>	<b>60,649</b>	<b>932,692</b>	<b>337,001</b>	<b>15,260</b>	<b>133,673</b>	<b>41,940</b>	<b>219,951</b>	<b>2,223</b>	<b>2,954</b>
<b>Total 31/12/2021</b>	<b>2,857,334</b>	<b>68,206</b>	<b>721,619</b>	<b>255,567</b>	-	<b>27,758</b>	<b>39,678</b>	<b>160,445</b>	-	-

**4.5a Loans valued at amortised cost subject to Covid-19 support measures: gross value and total value adjustments**

		Gross value				Total value adjustments				Total partial Write-offs
		First stage	of which: Low credit risk instruments	Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	
1. Loans subject to forbearance in compliance with GLs	397	-	389	-	-	1	14	-	-	-
2. Loans subject to outstanding moratorium measures no longer compliant with GLs and not in forbearance	79	-	-	-	-	-	-	-	-	-
3. Loans subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-
4. New loans	538,652	-	71,725	6,476	-	1,695	2,361	1,229	-	-
<b>Total</b>	<b>2022</b>	<b>539,128</b>	<b>-</b>	<b>72,114</b>	<b>6,476</b>	<b>-</b>	<b>1,696</b>	<b>2,375</b>	<b>1,229</b>	<b>-</b>
<b>Total</b>	<b>2021</b>	<b>566,904</b>	<b>-</b>	<b>179,981</b>	<b>1,547</b>	<b>-</b>	<b>2,478</b>	<b>6,191</b>	<b>414</b>	<b>-</b>

**4.6 Financial Assets Valued at Amortised Cost: Guaranteed Assets**

Type of transaction/Value	31/12/2022						31/12/2021					
	Receivables from banks		Loans to financial companies		Loans to customers		Loans to banks	Receivables from financial companies		Loans to customers		
	BV	GV	BV	GV	BV	GV	BV	GV	BV	GV	BV	GV
<b>1. Performing assets guaranteed by:</b>	-	-	17,304	17,304	994,359	974,297	-	-	-	-	133,111	133,111
- Assets under financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables through factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	68	68	659,786	659,639	-	-	-	-	132,048	132,048
- Pledges	-	-	-	-	8,576	5,576	-	-	-	-	100	100
- Personal guarantees	-	-	17,236	17,236	325,997	309,082	-	-	-	-	963	963
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Non-performing assets secured by:</b>	-	-	255	255	72,027	71,922	-	-	-	-	35,188	35,188
- Assets under financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables through factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	90	90	64,577	64,572	-	-	-	-	35,188	35,188
- Pledges	-	-	-	-	313	306	-	-	-	-	-	-
- Personal guarantees	-	-	165	165	7,137	7,044	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,559</b>	<b>17,559</b>	<b>1,066,386</b>	<b>1,046,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,299</b>	<b>168,299</b>

 BV = Balance Sheet Value  
 GV = Fair Value of guarantees

**Section 5 - Hedging Derivatives - Item 50**

**26,930**

**72,272**

The item hedging derivatives as of 31 December 2022, amounting to € 26.9 million (€ 72.3 million as at 31 December 2021), shows the positive fair value of the derivative entered into to hedge the interest rate risk on Mediocredito Centrale's zero-coupon 1998 - 2028 bond issue.

Hedging derivatives are all related to funding through bond issues by the subsidiary Medio Credito Centrale.

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value			NV	Fair Value			NV
	31/12/2022				31/12/2021			
	L1	L2	L3	31/12/2022	L1	L2	L3	31/12/2021
<b>A. Financial derivatives</b>								
1. Fair value	-	26,930	-	-	-	72,272	-	-
2. Cash Flows	-	-	-	-	-	-	-	-
3. Foreign Investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>								
1. Fair value	-	-	-	-	-	-	-	-
2. Cash Flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>26,930</b>	-	-	-	<b>72,272</b>	-	-

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Operation/Hedge type	Fair Value							Cash Flows		Foreign investments
	Specific						Generic	Specific	Generic	
	Debt securities and interest rates	Equity securities and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-	-	-
4. Other operations	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	-	-	-	-	-	-	-	-	-	-
1. Financial liabilities	26,930	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>26,930</b>	-	-	-	-	-	-	-	-	-
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-	-

Hedging derivatives are all related to funding obtained through bond issues.

**Section 7 - Equity Investments - Item 70**
**897,978**
**885,084**
**7.1 Equity investments: Information on Equity investments**

Company name	Registered office	Operating offices	Type of relationship		Book value
			Stake held %	Available votes %	
<b>C. Companies subjected to significant influence:</b>					
CDP VENTURE CAPITAL SPA	ROME	ROME	30.00%	30.00%	4,752
ISTITUTO DELLA ENCICLOPEDIA TRECCANI SPA	ROME	ROME	7.00%	7.00%	5,503
ITALIACAMP SRL	ROME	ROME	4.85%	4.85%	1
C.R.A.A. SRL IN LIQUIDATION	ARESE (MI)	ARESE (MI)	0%	0%	-
CFI - COOPERAZIONE FINANZA	ROME	ROME	1%	1%	610
CONSORZIO EX CNOW	VENICE	VENICE	52%	52%	1
ELETTRA SINCROTONE TRIESTE S.P.A.	BASOVIZZA (TS)	BASOVIZZA (TS)	4%	4%	2,311
FINMEK SOLUTIONS SPA IN PROC. CONC.	L'AQUILA	L'AQUILA	30%	30%	-
FONDERIT ETRURIA IN BANKRUPTCY	LEGHORN	LEGHORN	0%	0%	-
IDC - ITALIAN DISTRIBUTION	ROME	ROME	7%	7%	-
LAMEZIA EUROPA SCPA	LAMEZIA TERME (CZ)	LAMEZIA TERME (CZ)	20%	20%	-
MARINA DI VILLA IGIEA SPA	PORTO ACQUASANTA (PA)	PORTO ACQUASANTA (PA)	8%	8%	844
MECCANO SCPA	FABRIANO (AN)	FABRIANO (AN)	4%	4%	81
SASSI ON LINE SERVICE S.C.P.A. IN LIQUIDATION	BARI	BARI	0%	0%	-
SICULIANA NAVIGANDO SRL	SICULIANA (AG)	SICULIANA (AG)	95%	95%	-
SISTEMA WALCON SRL	FERRARA	FERRARA	45%	45%	-
SOCIETA' PER CORNIGLIANO SPA	GENOA	GENOA	10%	10%	1,379
TESS Costa del Vesuvio	NAPLES	NAPLES	9%	9%	88
TINTORIA STAMPERIA DEL MOLISE IN BANKRUPTCY	BOIANO (CB)	BOIANO (CB)	30%	30%	-
TRADIZIONI ITALIANE SPA IN BANKRUPTCY	CIRO' MARINA (KR)	CIRO' MARINA (KR)	0%	0%	-
WAHOO SPA	CAGLIARI	CAGLIARI	18%	18%	-
<b>Companies acquired with third party funds:</b>					
<b>of which with L. 205/2017 funds</b>					
INVITALIA GLOBAL INVESTMENT SPA	ROME	ROME	100.00%	100.00%	-
<b>of which with L.181/89 funds</b>					
CMS SRL IN BANKRUPTCY	LATERZA (TA)	LATERZA (TA)	19.22%	19.22%	1,370
ELA SPA IN BANKRUPTCY	NAPLES	NAPLES	5.77%	5.77%	0
ELMIRAD SERVICE SRL IN LIQUIDATION	TARANTO	TARANTO	12.39%	12.39%	120
FONDERIE SPA IN BANKRUPTCY	ROME	ROME	1.73%	1.73%	-
GUSTAVO DE NEGRI & ZA.MA. SRL IN BANKRUPTCY	CASERTA	CASERTA	20.20%	20.20%	202
JONICA IMPIANTI SRL IN BANKRUPTCY	LIZZANO (TA)	LIZZANO (TA)	8.70%	8.70%	278
PERITAS SRL	BRINDISI	BRINDISI	15.16%	15.16%	326
PRO.S.IT. SRL IN BANKRUPTCY	NAPLES	NAPLES	27.06%	27.06%	499
SICALP SRL IN BANKRUPTCY	CAMPIGLIA MARITTIMA (LI)	CAMPIGLIA MARITTIMA (LI)	36.36%	36.36%	1,033
SIE-SOC.ITTICA EUROPEA UNDER SPECIAL ADMINISTRATION	ROME	ROME	15.00%	15.00%	-
SIMPE SPA IN BANKRUPTCY	ACERRA (NA)	ACERRA (NA)	4.01%	4.01%	3,600
SURAL SPA IN BANKRUPTCY	TARANTO	TARANTO	1.42%	1.42%	253
TEKLA SRL	SARNO (SA)	SARNO (SA)	26.33%	26.33%	653
<b>of which with Law 126/2020 funds</b>					
REITHERA SRL	ROME	ROME	27.00%	27.00%	15,000
TLS SRL	SIENA	SIENA	30.00%	30.00%	2,102
<b>of which Law Decree No. 142 dated 16 December 2019</b>					
ACCIAIERIE D'ITALIA SPA	MILAN	MILAN	38.00%	50.00%	402,972
BANCA POPOLARE DI BARI SCPA	BARI	BARI	97.00%	97.00%	419,000
DRI D'ITALIA	ROME	ROME	100.00%	100.00%	35,000
<b>Total</b>					<b>897,978</b>

'Equity investments acquired with government grants/third-party funds' also include equity investments acquired with the fund as per Law 181/89. The value recorded is fully covered by the fund classified as "Other liabilities" and the reporting method of this measure provides that any losses are charged to the fund when definitively ascertained, therefore the value of the equity investment is reported, even in the presence of bankruptcy proceedings, as this value will be reversed to the fund at the closing of said proceedings.

The equity investments acquired pursuant to **Article 34 of Law Decree No. 104 dated 14 August 2020, converted into Law No. 126 dated 13 October 2020**, are the companies ReiThera Srl and TLS Sviluppo Srl, of which Invitalia acquired 27% and 30% stakes, respectively. The afore mentioned law earmarked a portion of the resources of the National Emergencies Fund (€ 80 million for 2020 and € 300 million for 2021) for research and development and the purchase of vaccines and monoclonal antibodies produced by industries in the sector, including through the acquisition of capital shares at market conditions.

With reference to TLS, it should be noted that in 2022 the value of the equity investment was written down as a result of an impairment test of about € 13 million following the application of the specific accounting policy defined by the parent company for such equity investments. In particular, this negative change had no impact on the Agency's income statement, since it was made as a balancing entry to the specific financial source that sterilised its effects (Fund pursuant to Article 34 of Legislative Decree 126 dated 14/08/2020). For a description of the related

treatment for accounting purposes, please refer to 'Section 4 - Other Aspects - Accounting Treatment Defined for Equity Investments Acquired with Government Grants/Third Party Funds'.

Conversely, with reference to the equity investment in ReiThera srl, although the 2022 preliminary year-end data show a value of production of € 25 million and a loss for the year of € 4.9 million, the advisory activities for the assessment of the Company's equity value related to the above-mentioned expressions of interest, still in progress, confirm the value of the equity investment and therefore, although, as mentioned, in the presence of a negative change in shareholders' equity, no specific impairment was carried out in accordance with the afore mentioned policy related to the accounting treatment of equity investments acquired with government grants and third-party funds.

It should also be noted that the shareholdings in the share capital for the portion acquired on behalf of the State or other public entities (Industria Italiana Autobus (42.76%), and Sider Alloys (22.33%), are not recognised in this balance sheet item, but recognised in the Commitments item.

Similarly, the Commitments also include equity investments acquired as part of the following measures:

- Fondo Salvaguardia Imprese (Safeguard Fund): BTX Italian Retail and Brands S.r.l. (48.72%), Niche Fusina Rolled Products S.r.l. (49%), Walcor S.p.A. (25%), S.A.L.P. S.p.A. (30.01%), Titagarh Firema S.p.A. (30.30%), Ceramiche Dolomite S.p.A. (46.67%), CTC Concerie del Chienti Società Benefit S.p.A. (49%), Canepa S.p.A. (30%), Sicamb S.p.A. (30.3%) and Corneliani S.p.A. (48.15%);
- Fondo Cresci al Sud (Growth in the South Fund): Arrilirsa Spa (31.85%), Italian Cool Design S.r.l. (35%), Frigomeccanica S.r.l. (35%), Lirsa S.r.l. (31.85%) and Tesi S.r.l. (20%).

## 7.2 Equity investments: annual changes

	Overall Value
<b>A. Opening balance</b>	<b>885,084</b>
<b>B. Increases</b>	<b>36,449</b>
B.1 Purchases	35,000
B.2 Write-backs	-
B.3 Revaluations	1,346
B.4 Other changes	103
<b>C. Decreases</b>	<b>23,555</b>
C.1 Sales	9,153
C.2 Value Adjustments	-
C.3 Write-downs	12,908
C.4 Other changes	1,494
D. Closing balance	897,978
<b>D. Closing balance</b>	<b>897,978</b>

Point B.1 'Purchases' in Group equity investments shows the acquisition of the stake in Dri d'Italia Spa in the amount of € 35 thousand acquired with the contributions made available by Law Decree No. 142 dated 16 December 2019. At 31 December 2022, the latter's shareholders' equity amounted to € 32.5 million, considering a net loss of € 2.5 million. Despite this negative change in shareholders' equity, no specific impairment loss was recognised on the investment, in accordance with the above-mentioned policy concerning the accounting treatment of equity investments acquired with government grants and third party funds, since it was determined that this loss, as well as the losses that the company will record in future years, is physiologically related to the start-up status of the company itself and does not represent an indicator of impairment of the same until it starts production of the direct reduced iron and benefits from the related revenue streams.

Point C.1 reports the liquidation and subsequent winding up of the company IGI SpA, acquired with the funding under Article 1 par. 260-266 of Law No. 205/2017.

With reference to the value of the equity investment in Acciaierie d'Italia Holding SpA, in consideration of both the evidence inferable from the financial statements approved by the same company and on the basis of the

information acquired from it, with particular reference to the impairment test of the operating companies carried out by the management of Acciaierie d'Italia Holding Spa at the time the financial statements were prepared, no elements were identified that could imply the need to proceed with the recognition of an impairment loss. The management of Acciaierie d'Italia Holding Spa developed sensitivity analyses of the recoverable value that, also considering the current situation of market volatility and uncertainty about future economic prospects, have confirmed its full recoverability.

Lastly, with reference to Banca Popolare di Bari, based on the evidence of the impairment test performed by the subsidiary Mediocredito Centrale when preparing its statutory/consolidated financial statements, no elements emerged that could imply the need to record an impairment.

Annex A.5 shows the analytical movement of equity investments.

For further details, see Part D - GUARANTEES AND COMMITMENTS.

## Section 8 - Property, plant and equipment - Item 80

**289,849**

**211,272**

8.1 Property, plant and equipment used in operations: breakdown of Assets Valued at Cost

Assets/Values	Total 31/12/2022	Total 31/12/2021
<b>1. Property assets</b>	<b>146,398</b>	<b>139,117</b>
a) land	1,851	861
b) buildings	9,472	5,065
c) furniture	543	484
d) electronic equipment	2,055	1,566
e) other	132,477	131,141
<b>2. Rights of use acquired through leasing</b>	<b>44,149</b>	<b>43,890</b>
a) land	-	-
b) buildings	43,827	43,695
c) furniture	-	-
d) electronic equipment	-	-
e) other	322	195
<b>Total</b>	<b>190,547</b>	<b>183,007</b>

"Rights of use acquired through leasing" includes, in compliance with IFRS 16, the value of the right of use acquired for the period of the real estate leasing contracts and the rental contracts for company cars. The item "buildings" includes the value of leasing contracts of the Parent Company for € 32,610 thousand and € 14,523 thousand of the subsidiary Mediocredito Centrale.

## 8.2 Property, plant and equipment held for investment: breakdown of Assets Valued at Cost

Assets/Values	Total 31/12/2022			Total 31/12/2021				
	Balance sheet value	Fair value			Balance sheet value	Fair value		
		L1	L2	L3		L1	L2	L3
<b>Property assets</b>	<b>22,549</b>	-	-	<b>22,771</b>	<b>22,330</b>	-	-	<b>22,330</b>
a) land	3,986	-	-	3,986	3,821	-	-	3,821
b) buildings	18,563	-	-	18,785	18,509	-	-	18,509
<b>2. Rights in use acquired through leasing</b>	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,549</b>	-	-	<b>22,771</b>	<b>22,330</b>	-	-	<b>22,330</b>

This item includes the value of the Capodichino building and land owned by the Parent Company.

The decrease in the item compared to the previous year is determined by the depreciation rate for the year 2022, amounting to € 489 thousand.

Considering the fact that the property is currently still leased at market conditions that have remained substantially in line with those of the previous year, and considering a method of discounting cash flows for the purpose of determining fair value, it can be reasonably concluded that the book value coincides with the fair value of the asset.

## 8.5 Inventories of Property, plant and equipment covered by IAS 2: breakdown

Assets/Values	Total	
	2022	2021
1. Inventories of Property, plant and equipment obtained through the enforcement of guarantees		
a) land		
b) buildings	76,753	5,935
c) furniture		
d) electronic equipment		
e) other		
2. Other Inventories of Property, plant and equipment		
<b>Total</b>	<b>76,753</b>	<b>5,935</b>
of which: measured at fair value minus sale costs		

This item includes the value of the Bagnoli Industrial Complex, the ownership of which, formerly belonging to the bankrupt company BagnoliFutura, was transferred to Invitalia as a result of Law Decree 133/2014. In November 2022, the legal dispute that arose after the transfer of ownership was also settled on the transfer price, with the consideration being set at € 68 million. The value of the compendium increased by € 8,753 thousand due to the reclamation activities implemented by Invitalia as part of the redevelopment project of the area. Costs incurred and accounted for in respect of further activities related to the project are reported under item 120 "Other Assets - Inventories" for € 1,397 thousand.

### 8.6 Property, plant and equipment used in operations: annual changes

	Land	Buildings	Furniture	Electronic installations	Other	Total
<b>A. Gross opening balance</b>	<b>861</b>	<b>54,896</b>	<b>634</b>	<b>2,168</b>	<b>146,632</b>	<b>205,191</b>
A.1 Total net write-downs	-	(6,136)	(150)	(602)	(15,296)	(22,184)
<b>A.2 Net opening balance</b>	<b>861</b>	<b>48,760</b>	<b>484</b>	<b>1,566</b>	<b>131,336</b>	<b>183,007</b>
<b>B. Increases:</b>	<b>992</b>	<b>12,143</b>	<b>196</b>	<b>1,128</b>	<b>17,097</b>	<b>31,556</b>
B.1 Purchases	-	4,645	145	942	16,716	22,448
B.2 Capitalised Improvement Expenses	-	-	-	-	-	-
B.3 Write-backs	-	2	-	-	1	3
B.4 Positive changes in fair value charged to	-	-	-	-	-	-
a) Shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
B.5 Exchange rate gains	-	-	-	-	-	-
B.6 Transfers from real estate held for investment	-	-	-	-	-	-
B.7 Other changes	992	7,496	51	186	380	9,105
<b>C. Decreases:</b>	<b>2</b>	<b>7,604</b>	<b>137</b>	<b>639</b>	<b>15,634</b>	<b>24,016</b>
C.1 Sales	2	19	-	-	-	21
C.2 Amortisation	-	6,881	137	639	15,610	23,267
C.3 Impairment value adjustments charged to	-	-	-	-	-	-
a) Shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to	-	-	-	-	-	-
a) Shareholders' equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.5 Exchange rate losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) Property, plant and equipment held for investment	-	-	-	-	-	-
b) non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
C.7 Other Changes	-	704	-	-	24	728
<b>D. Net closing balance</b>	<b>1,851</b>	<b>53,299</b>	<b>543</b>	<b>2,055</b>	<b>132,799</b>	<b>190,547</b>
D.1 Total net write-downs	-	(6,881)	(137)	(639)	(15,610)	(23,267)
<b>D.2 Gross closing balance</b>	<b>1,851</b>	<b>60,180</b>	<b>680</b>	<b>2,694</b>	<b>148,409</b>	<b>213,814</b>
<b>E. Measurement at cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The increase in the sub-item 'Buildings' refers to the inclusion of the subsidiary Cassa di Risparmio di Orvieto within the scope of consolidation.

The increases in the item 'Other' are mainly pertaining to the subsidiary Infratel and refer to:

- the capitalisation of costs for the purchase of WI-FI devices used to cover municipalities and hospitals in the amount of € 3,633 thousand;
- the cost incurred for the construction of infrastructure determined on the basis of the progress invoiced by contractors still in progress in the amount of € 13,062 thousand.



### 8.7 Property, plant and equipment held for investment: annual changes

	Total	
	Land	Buildings
<b>A. Opening balance</b>	<b>3,821</b>	<b>18,509</b>
<b>B. Increases</b>	<b>165</b>	<b>576</b>
B.1 Purchases	-	-
B.2 Capitalised expenses for improvements	-	-
B.3 Positive changes in fair value	-	-
B.4 Write-backs	-	-
B.5 Exchange gains	-	-
B.6 Transfers from intangibles for functional use	-	-
B.7 Other changes	165	576
<b>C. Decreases</b>	<b>-</b>	<b>522</b>
C.1 Sales	-	-
C.2 Amortisation	-	522
C.3 Negative changes in fair value	-	-
C.4 Value adjustments for impairment	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
a) real estate for functional use	-	-
b) non-current assets and disposal groups classified as held for sale	-	-
C.7 Other Changes	-	-
<b>D. Closing balance</b>	<b>3,986</b>	<b>18,563</b>
<b>E. Fair Value Measurement</b>	<b>165</b>	<b>765</b>

The movement refers to the portion of amortisation pertaining to the year.

There are no:

- Property, plant and equipment pledged as collateral for own debts and commitments
- assets acquired through financial leasing.

### 8.8 Inventories of Property, plant and equipment covered by IAS 2: annual changes

	Inventories of Property, plant and equipment obtained through					Other inventories of Property, plant and	Total
	Land	Buildings	Furniture	Electronic installations	Other	Property, plant and	Total
<b>A. Opening balance</b>						5,935	5,935
<b>B. Increases:</b>							-
B.1 Purchases						68,000	68,000
B.2 Write-backs							-
B.3 Exchange gains							-
B.4 Other changes						2,818	2,818
<b>C. Decreases:</b>							-
C.1 Sales							-
C.2 Impairment adjustments							-
C.3 Exchange losses							-
C.4 Other Changes							-
<b>D. Closing balance</b>						<b>76,753</b>	<b>76,753</b>

The item "Other changes" refers to the costs incurred by the Parent Company for the environmental remediation and regeneration of the urban area of the Bagnoli district as governed by Article 33 of Law Decree No. 133/2014, as amended, and by Ministerial Decree of 15/10/2015 of 07/07/2020.

**Section 9 - Intangible assets - Item 90**

	<b>171,883</b>	<b>87,818</b>
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9.1 Intangible assets: breakdown

Items/Valuation	Total 31/12/2022		Total 31/12/2021	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
<b>1. Goodwill</b>	-	-	-	-
<b>2. Other Intangible assets</b>	<b>171,883</b>	-	<b>87,818</b>	-
of which software:	-	-	-	-
2.1 owned	171,883	-	87,818	-
- generated internally	6,722	-	1,972	-
- other	165,161	-	85,846	-
2.2 rights of use acquired through leasing	-	-	-	-
<b>Total 2</b>	<b>171,883</b>	-	<b>87,818</b>	-
<b>3. Assets acquired under financial leasing</b>	-	-	-	-
3.1 unassigned assets	-	-	-	-
3.2 assets withdrawn after termination	-	-	-	-
3.3 other assets	-	-	-	-
<b>Total 3</b>	-	-	-	-
<b>Total (1+2+3)</b>	<b>171,883</b>	-	<b>87,818</b>	-
<b>Total (T-1)</b>	<b>87,818</b>	-	<b>34,681</b>	-

9.2 Intangible assets: annual changes

	Total
<b>A. Opening balance</b>	<b>87,818</b>
<b>B. Increases</b>	<b>98,943</b>
B.1 Purchases	98,065
B.2 Write-backs	-
B.3 Positive changes in fair value	-
- to shareholders' equity	-
- to Income Statement	-
B.4 Other changes	878
<b>C. Decreases</b>	<b>14,878</b>
C.1 Sales	-
C.2 Amortisation	13,347
C.3 Value Adjustments	-
- to shareholders' equity	-
- to Income Statement	-
C.4 Negative changes in fair value:	-
- to shareholders' equity	-
- to Income Statement	-
C.5 Other changes	1,531
<b>D. Closing balance</b>	<b>171,883</b>

The changes in the year, in addition to amortisation for the period, are mainly due to:

- capitalisation by the Parent Company of projects for the implementation of IT and reporting platforms that will yield their future benefits in terms of cost savings and increased revenues in the amount of € 3,907 thousand.
- increases in the item "Concessions, licences and trademarks" of the subsidiary Infratel Italia S.p.A. for a net amount of € 47,657 thousand related to the acquisition of IRUs concerning the School Plan project.

### Section 10 - Tax Assets and Tax Liabilities - Item 100 of Assets and Item 60 of Liabilities

#### Tax assets - Item 100

<b>79,538</b>	<b>40,551</b>
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#### 10.1 Tax assets: current and deferred: breakdown

Description	31/12/2022	31/12/2021
a) current	17,550	10,931
b) deferred	61,988	29,620
<b>Total</b>	<b>79,538</b>	<b>40,551</b>

**Current assets** are still affected by residual tax receivables arising from the companies merged in the incorporation of Sviluppo Italia, for which the relevant recovery actions are still in progress.

The change in Deferred Tax Assets, totalling € 61,988 thousand (€ 29,620 thousand as at 31 December 2021) compared to last year, is mainly pertaining to the inclusion of Cassa di Risparmio di Orvieto in the Group's consolidated financial statements, which led to an increase in deferred tax assets of € 23,630 thousand, plus € 10,682 thousand for the tax effect on the PPA (Purchase Price Allocation) related to the acquisition of Cassa.

Deferred tax assets show the following balancing entry:

	31/12/2022	31/12/2021
- as balancing entry to Income Statement	47,799	27,220
<i>of which L. 214/2011 as a balancing entry in the Income Statement</i>	12,971	4,691
- as balancing entry to Shareholders' equity	14,189	2,400
<b>Total</b>	<b>61,988</b>	<b>29,620</b>

As of 31 December 2022, in Balance Sheet Assets the Group reports deferred tax assets (DTA) totalling € 62 million (€ 29.6 million as of 31 December 2021), of which € 47.7 million was recognised in the income statement and € 14.2 million in shareholders' equity. The change is mainly pertaining to the inclusion of Cassa di Risparmio di Orvieto in the Invitalia Group's consolidation, which led to an increase in deferred tax assets in the amount of € 23.6 million.

#### 10.2 Tax liabilities: current and deferred: breakdown

Description	31/12/2022	31/12/2021
a) current	3,964	3,087
b) deferred	1,019	42
<b>Total</b>	<b>4,983</b>	<b>3,129</b>

Deferred tax liabilities show the following balancing entry:

	Total 31/12/2022	Total 31/12/2021
- as balancing entry to Income Statement	1,073	-
- as balancing entry to Shareholders' equity	(54)	42
<b>Total</b>	<b>1,019</b>	<b>42</b>

### 10.3 Changes in deferred tax assets (balancing entry to the income statement)

	Total 31/12/2022	Total 31/12/2021
<b>1. Reversals</b>	<b>27,220</b>	<b>24,857</b>
<b>2. Conversion into tax credit</b>	<b>37,407</b>	<b>13,699</b>
2.1 Deferred tax assets recognised in the year	3,729	13,078
a) relating to previous financial years	-	1
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	3,729	13,077
2.2 New taxes or tax rate increases	-	-
2.3 Other Increases	33,678	621
<b>3. Decreases</b>	<b>16,828</b>	<b>11,336</b>
3.1 Deferred tax assets derecognised in the year	17,105	7,149
a) reversals	16,880	6,791
b) write-offs	-	-
c) due to changes in accounting policies	-	-
d) other	225	358
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	(277)	4,187
a) conversion into tax credit under Law No. 214/2011	16	-
b) other	(293)	4,187
<b>4. Final amount</b>	<b>47,799</b>	<b>27,220</b>

#### 10.3.1 Changes in deferred tax assets under Law 214/2011 as balancing entry to the Income Statement

	Total 31/12/2022	Total 31/12/2021
<b>1. Opening balance</b>	<b>4,691</b>	<b>5,693</b>
<b>2. Increases</b>	<b>8,994</b>	<b>106</b>
<b>3. Decreases</b>	<b>714</b>	<b>1,108</b>
3.1 Reversals	519	750
3.2 Conversion into tax credit	16	-
a) arising from operating losses	16	-
b) arising from tax losses	-	-
3.3 Other decreases	179	358
<b>4. Closing balance</b>	<b>12,971</b>	<b>4,691</b>

The deferred tax assets referred to in the above table will be gradually recovered in the tax returns to be filed in the coming years.

10.4 Changes in deferred tax assets (as balancing entry to the Income statement)

	Total	Total
	31/12/2022	31/12/2021
<b>1. Opening balance</b>	-	115
<b>2. Increases</b>	1,107	-
2.1 Deferred taxes recognised during the year	-	-
a) relating to previous financial years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	1,107	-
<b>3. Decreases</b>	34	115
3.1 Deferred taxes derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Tax Rate Reductions	-	-
3.3 Other decreases	34	115
<b>4. Closing balance</b>	1,073	-

10.5 Changes in deferred tax assets (balancing entry to shareholders' equity)

	Total	Total
	31/12/2022	31/12/2021
<b>1. Opening balance</b>	2,400	927
<b>2. Increases</b>	13,710	1,478
2.1 Deferred tax assets recognised during the year	13,563	1,478
a) relating to previous financial years	-	-
b) due to changes in accounting policies	-	-
c) other	13,563	1,478
2.2 New taxes or tax rate increases	-	-
2.3 Other Increases	147	-
<b>3. Decreases</b>	1,921	5
3.1 Deferred tax assets derecognised in the year	247	5
a) reversals	247	5
b) write-offs	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Tax Rate Reductions	-	-
3.3 Other decreases	1,674	-
<b>4. Closing balance</b>	14,189	2,400

10.6 Changes in deferred taxes (as balancing entry to shareholders' equity)

	Total	Total
	31/12/2022	31/12/2021
<b>1. Opening balance</b>	<b>42</b>	<b>844</b>
<b>2. Increases</b>	<b>855</b>	-
2.1 Deferred taxes recognised during the year	127	-
a) relating to previous financial years	-	-
b) due to changes in accounting policies	-	-
c) other	127	-
2.2 New taxes or tax rate increases	-	-
2.3 Other Increases	728	-
<b>3. Decreases</b>	<b>951</b>	<b>802</b>
3.1 Deferred taxes derecognised in the year	41	802
a) reversals	41	802
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Tax Rate Reductions	-	-
3.3 Other decreases	910	-
<b>4. Closing balance</b>	<b>(54)</b>	<b>42</b>

Section 11 - Non-current assets and disposal groups classified as held for sale - Item 110

<b>84,590</b>	<b>212,395</b>
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11.1 Non-current assets and disposal groups classified as held for sale: breakdown

	31/12/2022	31/12/2021
Cash and cash equivalents	15,041	3,252
Financial assets measured at amortised cost	2,432	3,155
Equity investments	427	374
Property, plant and equipment	66,606	197,714
Intangible assets	-	35
Tax assets	21	445
Other assets	63	7,420
<b>Total</b>	<b>84,590</b>	<b>212,395</b>

The item includes not only the assets of a company being disposed of that is directly controlled (Italia Turismo SpA), but also the assets owned by a subsidiary (Invitalia Partecipazioni) falling within the scope of the assets, which have not yet been transferred to the fund managed by Invimit, as part of the plan to reorganise and dispose of the Group's real estate assets that are no longer strategic, as better illustrated in the Report on Operations.

During July 2022 was completed the sale of a significant portion of Italia Turismo's real estate portfolio to Fondo I3 - Sviluppo Italia - Comparto Invitalia - managed by Invimit SGR SpA, a real estate investment fund management company (a wholly owned subsidiary of the MEF).

The estimated market value of Property, plant and equipment not yet transferred to the fund was further adjusted due to the particular macroeconomic market environment and also due to a change in strategic view underlying the way in which the

values of certain assets held by the subsidiary were recovered which, until 31.12.2021, were earmarked for development whereas, as of 31.12.2022, they were earmarked for sale.

The determination of the fair value of the assets included in the real estate portfolio of Italia Turismo was conducted according to the Discounted Cash Flow method in the unlevered version, which provides for the discounting of the cash flows expected from operations and relative to the period of explicit forecast of the flows and the discounting of the end value (calculated as the present value of a cash flow at an increasing and perpetual rate) at the reference date of the estimate. Taking into account the uncertainties connected with the macroeconomic scenario of reference and the difficulties in making assumptions on expected growth, a two-stage terminal value calculation formula was used, envisaging a first stage of 5 years of sustained growth and a scenario, in perpetuity, of stable and contained growth.

However, the valuation model of the assets included in the contribution transactions to Invimit, as well as those for which a sale to third parties is in any case envisaged, within the context of separate negotiations, is constantly monitored in order to appropriately adjust the estimated values.

At 31.12.2022, the cumulative effects recognised on equity from the date of recognition of Property, plant and equipment recognised as 'Assets held for sale' amounted to € 40.5 million.

The sub-item '**Equity investments**' represents the value of investee companies held for sale measured at shareholders' equity. In detail, it includes the companies Marina d'Arechi Spa for € 300 thousand, IP Porto Romano Srl for € 74 thousand, and Salerno Sviluppo for € 53 thousand.

**Section 7- Liabilities associated with assets classified as held for sale - Item 70**

<b>6,285</b>	<b>14,580</b>
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*7.1 Liabilities associated with assets classified as held for sale: breakdown*

	<b>2022</b>	<b>2021</b>
Financial liabilities measured at amortised cost	-	-
Tax liabilities	-	-
Other liabilities	3,101	11,472
TFR (Employee termination indemnity)	203	268
Provisions for risks and charges	2,981	2,840
<b>Total</b>	<b>6,285</b>	<b>14,580</b>

Liabilities held for sale recorded a decrease related to the sale of the companies Marina di Arechi and Marina di Portisco and of the Ottana complex.

## Section 12 - Other assets - Item 120

**842,780**

**639,037**

### 12.1 Other assets: breakdown

	Total 31/12/2022	Total 31/12/2021
- Inventories	385,538	169,700
- Indirect tax receivables from tax authorities	8,116	4,392
- Receivables from social security entities	10	70
- Receivables and advances from suppliers	9,155	4,807
- Guarantee deposits	3,219	3,154
- Prepayments (only those related to other assets)	3,842	1,876
- Sundry receivables and amounts	432,900	454,441
- Tax consolidation	-	597
<b>Total</b>	<b>842,780</b>	<b>639,037</b>

The sub-item 'Inventories' mainly includes:

- € 4 million of the Parent Company related to the valuation of fees accrued for activities essentially carried out by the former subsidiary IAP, net of progress reports billed and collected, and for activities pursuant to Legislative Decree 185/00 for which the final accounts have not yet been approved.
- The remainder relates mainly to the deployment of 'broadband' and 'ultra-broadband' by Infratel SpA.

Receivables and sundry items essentially include € 257 million for Fondo PMI (SME Fund) bonds, which is a measure authorised by the European Commission as part of the 'Temporary framework for state aid measures to support the economy in the current Covid-19 emergency'. This item includes, as indicated in the Bankit Provision for the preparation of financial statements of Financial Intermediaries, minibonds subscribed by Invitalia and relative to which Invitalia takes on zero risk.

In addition, the same item includes:

- € 58.2 million from the subsidiary Infratel, of which € 30.8 million for DFC funds temporarily advanced to the regions to meet payments for Regional Concession Model orders
- € 35 million from Mediocredito Centrale for the purchase of tax credits related to construction industry bonus schemes.

Prepaid expenses represent costs for services assessed or paid in advance, pertaining to the following year or related to future revenues.



## Liabilities

### Section 1 - Financial liabilities measured at amortised cost - Item 10

Description	31/12/2022	31/12/2021
a) payables	4,405,412	2,665,749
b) securities issued	854,075	876,409
<b>Total</b>	<b>5,259,487</b>	<b>3,542,158</b>

The change from the previous year is mainly pertaining to the entry of Cassa di Risparmio di Orvieto into the scope of consolidation.

#### 1.1 Financial liabilities measured at amortised cost: product composition of payables

Items	Total 31/12/2022			Total 31/12/2021		
	Due to banks	Due to financial companies	Due to customers	Due to banks	Due to financial companies	Due to customers
<b>1. Due to banks</b>	<b>334,695</b>	<b>4</b>	<b>80,025</b>	<b>159,896</b>	<b>435</b>	<b>44,505</b>
1.2 Repurchase agreements	278,819	-	-	105,156	-	-
1.2 Other loans	55,876	4	80,025	54,740	435	44,505
<b>2. Lease liabilities</b>	<b>339</b>	<b>38</b>	<b>55,463</b>	<b>146</b>	<b>-</b>	<b>54,901</b>
<b>3. Other liabilities</b>	<b>1,495,399</b>	<b>92,523</b>	<b>2,346,926</b>	<b>905,998</b>	<b>-</b>	<b>1,499,868</b>
<b>Total</b>	<b>1,830,433</b>	<b>92,565</b>	<b>2,482,414</b>	<b>1,066,040</b>	<b>435</b>	<b>1,599,274</b>
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	-	-	-	-	-	-
Fair value - level 3	1,819,524	205,308	2,349,979	1,066,040	435	1,599,274
<b>Total fair value</b>	<b>1,819,524</b>	<b>205,308</b>	<b>2,349,979</b>	<b>1,066,040</b>	<b>435</b>	<b>1,599,274</b>

The fair value was assumed to be equal to amortised cost (and therefore Level 3) in relation to the general short duration and prevalent variable-rate structure of these financial instruments.

## 1.2 Financial liabilities measured at amortised cost: product composition of securities issued

Type of securities / Values	Total 31/12/2022				Total 31/12/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
<b>A. Securities</b>								
1. bonds	852,718	-	564,166	350,557	876,409	336,503	552,302	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	852,718	-	564,166	350,557	876,409	336,503	552,302	-
2. other securities	1,357	-	-	1,357	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	1,357	-	-	1,357	-	-	-	-
<b>Total</b>	<b>854,075</b>	<b>0</b>	<b>564,166</b>	<b>351,914</b>	<b>876,409</b>	<b>336,503</b>	<b>552,302</b>	<b>0</b>

The item includes:

- € 323.5 million related to the unsubordinated and unsecured bond loan issued by the Parent Company in November 2022 for a total value of € 350 million and a term of 3 years, intended exclusively for institutional and professional investors and qualified as a 'social bond'. An amount equivalent to the proceeds deriving from the issue of the Notes was utilised:
  - for the repayment of the loan disbursed in July 2022 to Invitalia by some of the Joint Bookrunners;
  - to finance or refinance, in whole or in part, new or pre-existing projects that have positive social results and meet the requirements of the Agency's Social Bond Framework, i.e., to finance the structural costs of the management of contracts entrusted by the Italian Government and/or public administrations, thereby pursuing social interest objectives.

The issue price was 99.884% of the nominal value with a nominal return rate of 5.25%. The repayment of the principal is scheduled in a single three-year maturity and annual coupons. This loan is listed on the regulated market of the Luxembourg Stock Exchange.

The main features of this bond loan are:

- Issue amount: 350 million
- Duration: 2022-2025
- Market of listing: Luxembourg
- EU-member country of origin: Italy
- Only for qualified investors

Entry into the balance sheet is at amortised cost, the changes in which are shown in item 20 'Interest payable and similar charges'.

- € 189.1 million related to a residual bond loan listed on the MOT, issued by Mediocredito Centrale on 9 February 1998 and maturing on 10 February 2028;
- € 300 million relating to a "Social" - unsecured senior preferred bond, listed on the Luxembourg Stock Exchange for a total amount of € 300 million (excluding transaction costs), with a fixed annual rate of 1.5% issued by Mediocredito Centrale on 24 October 2019 with maturity on 24 October 2024;
- € 69.7 million related to a Tier 2 subordinated loan for a nominal value of € 70 million issued by Mediocredito Centrale in December 2022;
- € 1,357 million in certificates of deposit issued by CROs to customers.

Since the securities issued by Mediocredito Centrale are subject to fair value hedging, this item includes the value adjustment (so-called 'Basis adjustment') pertaining to the interest rate risk for a total of -€ 1.7 million.

#### 1.5 Lease liabilities

	Within 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Total
Lease liabilities	355	257	1,951	6,453	36,629	10,195	55,840
<b>Total</b>	<b>355</b>	<b>257</b>	<b>1,951</b>	<b>6,453</b>	<b>36,629</b>	<b>10,195</b>	<b>55,840</b>

The sub-item "Lease liabilities" includes the valuation of rights of use, recognised on the basis of the new IFRS 16 accounting standard, relative to real estate lease agreements, including that of Invitalia's registered office located in Via Calabria, and that of Mediocredito Centrale located in Viale America 351, as well as rental agreements for company cars.

#### Section 4 - Hedging Derivatives - Item 40

<b>20,675</b>	<b>1,265</b>
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#### 4.1 Hedging derivatives: breakdown by hedge type and level

	NV	Fair value			NV	Fair value		
		31/12/2022				31/12/2021		
		31/12/2022	L1	L2		L3	31/12/2021	L1
<b>A. Financial Derivatives</b>			<b>20,675</b>	-		-	<b>1,265</b>	-
1) Fair value			20,675	-		-	1,265	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign Investments	-	-	-	-	-	-	-	-
<b>B. Credit Derivatives</b>	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>		-	<b>20,675</b>	-		-	<b>1,265</b>	-

Key  
 NV= notional value  
 L1= Level 1  
 L2= Level 2  
 L3= Level 3

#### Section 6 - Tax Liabilities - Item 60

Please refer to Section 10 of Assets in the Balance Sheet.

#### Section 7 - Liabilities associated with assets classified as held for sale - Item 70

Please refer to Section 11 of Assets in the Balance Sheet.

## Section 8 - Other liabilities - Item 80

### 8.1 Other liabilities: breakdown

Types of Securities/Values	Total				Total			
	31/12/2022				31/12/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
<b>Other liabilities - Other</b>								
- Capital grants	1,177,761	-	-	1,177,761	1,215,650	-	-	1,215,650
- Payables for third-party funds	1,226,207	-	-	1,226,207	782,669	-	-	782,669
- Suppliers	556,592	-	-	556,592	315,077	-	-	315,077
- Accruals and Deferrals	19,844	-	-	19,844	25,172	-	-	25,172
- Payables to employees	26,156	-	-	26,156	18,057	-	-	18,057
- Payables to social security institutions	9,845	-	-	9,845	7,651	-	-	7,651
- Payables to tax authorities	11,228	-	-	11,228	6,221	-	-	6,221
- Tax consolidation payables	20,526	-	-	20,526	18,732	-	-	18,732
- Security deposits received	357	-	-	357	213	-	-	213
- Sundry payables	340,909	-	-	340,909	340,551	-	-	340,551
<b>Total</b>	<b>3,389,425</b>	<b>-</b>	<b>-</b>	<b>3,389,425</b>	<b>2,729,993</b>	<b>-</b>	<b>-</b>	<b>2,729,993</b>

The fair value was assumed to be equal to the book value (and therefore Level 3) in connection with the consideration that most of these liabilities are 'grants' and 'third-party funds under management' whose book value is reasonably comparable to their fair value.

The item '**Capital grants**' essentially relates to:

- A grant of € 419,000 thousand allocated by the MEF and aimed at strengthening capital, through a capital grant from Banca del Mezzogiorno - Mediocredito Centrale SpA, for the purchase of the equity investment in Banca Popolare di Bari. The amount is posted net of the valuation as of 31 December 2021 of the investee company.
- A grant of € 400,000 thousand allocated by the MEF for the share capital increase of AM InvestCo Italy SpA, the company leasing the business units of Ilva under Extraordinary Administration. This was done in order to launch a new phase of environmentally sustainable development of Ilva in Taranto. With this acquisition Invitalia has thus acquired 50% of the voting rights.
- Capital grants in the amount of € 174,608 thousand recognised by Mise for the activities of the company Infratel and accounted for on an accrual basis. The release to the income statement of capital grants is related to the useful life of the assets in respect of which the grants are recognised and, subsequently, paid out.
- A grant, amounting to € 79,921 thousand, disbursed for the environmental remediation and urban regeneration of the area of significant national interest in the Bagnoli - Coroglio district, pursuant to Article 33 of Law Decree No. 133 dated 12 September 2014, converted with amendments by Law No. 164 dated 11 November 2014, as better described in section B.3 of the Report on Operations and in Item 100 – 'Property, plant and equipment'.

- A grant, net of reported amounts, of € 38,389 thousand, of residual funds allocated for the reclamation of the Bagnoli - Coroglio SIN not used by the Municipality of Naples as at 31.12.2022.
- A grant of € 35,000 thousand for the establishment of the company DRI Italia S.p.A., whose purpose is to carry out pre-feasibility studies for the design, construction, and management of plants for the production of direct reduced iron towards the green conversion of the metalworking industry.
- A grant of € 17,102 thousand allocated by the MEF in compliance with Article 34 of Law Decree 126 dated 14/08/2020 for the purchase of the stakes in Reithera Srl and TLS Sviluppo SRL. The value was reduced due to the write-down of TLS Sviluppo Srl to adjust the value to the shareholders' equity of the last approved financial statements, which was considered as the reference value for the impairment test in accordance with the accounting treatment described in "Section 4 - Other Aspects - Accounting Treatment Defined for Equity Investments Acquired with Government Grants/Third Party Funds".
- A grant pursuant to Article 83 L. 289/02 of € 9,289 thousand, granted by the Ministry of Economy and Finance in 2003. Law Decree No. 35 dated 14 March 2005 provided that the same can be used for the creation of incubators for production enterprises. As at 31/12/2022, the grant, originally amounting to € 10,000 thousand, decreased by € 711 thousand due to the reversal of capitalised costs on the Imperia incubator, whose initial project has become objectively unfeasible.
- Grant as per L. 208/98 of € 4,049 thousand, intended for the creation of incubators. The same was disbursed by the Ministry of Economic Development in 2005, as provided for in the Procedural Document signed by Sviluppo Italia on 14 December 2004. The amount corresponds to the amount of the grant received, net of the portion credited to the Income Statement for the available incubators on which the calculation of depreciation was initiated.
- Grant "Conciliamo", allocated by the Presidency of the Council of Ministers - Department for Family Policies, aimed at implementing projects for corporate welfare. The item includes the disbursement of the first tranche amounting to € 402 thousand.

The above information is also reported in compliance with the disclosure obligation provided for in paragraphs 125 et seq. of art. 35 of Law Decree No. 34 dated 30 April 2019.

**"Payables for third-party funds under management"** relate to funds for subsidy measures for which the Agency is responsible for implementing the measures themselves. For further information regarding operations and forms of use, see also the comment in Part D - Other Information.

Below are the relative details:  
Breakdown:

	2022	2021
SME Asset Fund	503,473	500,652
NRRP Project - Italy 1Gbps	280,500	0
NRRP Project - Italy 5G	111,619	0
Law 181/89 (Interventions in crisis areas)	70,389	73,675
DFC BULL	62,587	69,754
DPR 58/87 Revolving Fund	43,587	43,426
Sustainable Growth Fund	48,320	47,055
NRRP Project - Connected Health	33,505	0
NRRP Project - Connected School	17,779	0
Block Chain Project	15,090	0
BUL VOUCHER 2	13,937	0
BUL VOUCHER	9,528	26,879
Law Reg.23/91 Art.8	1,984	1,984
Tourism Promotion	1,081	1,081
3i Voucher Fund	894	1,945
Broadband and Ultra-broadband Implementation Fund	629	3,591
Museums of Excellence	201	201
Other	11,104	12,426
<b>Total</b>	<b>1,226,207</b>	<b>782,669</b>

In more detail:

- The purpose of the **SME Asset Fund** is to underwrite newly issued bonds or debt securities in order to encourage the strengthening of capital and contribute to the financing of medium-sized companies meeting the conditions set forth in Article 26 of the Relaunch Law No. 77 dated 17 July 2020. The underwriting and issuance of debt securities were completed in 2021 and amounted to a total of € 257,711 thousand; the fund remains open pending the completion of the repayment of the capital disbursed. As at 31 December 2022, there were receivables for past due and unpaid interest in the amount of € 1,157 thousand and a revoked and fully collected position in the amount of € 1,200,000.

- The **NRRP Fund** is divided into the following operational plans:

'Piano Italia a 1 Giga' received financial disbursements from MIMIT as at 31.12.2022 in the amount of € 280,500 thousand;

'Piano Italia 5G' received financial disbursements from MIMIT as at 31.12.2022 in the amount of € 111,619 thousand;

'Piano Italia Sanità connessa' received financial disbursements from MIMIT as at 31.12.2022 in the amount of € 33,505 thousand;

'Piano Italia Scuola Connessa' received financial disbursements from MIMIT as at 31 December 2022 in the amount of € 17,779 thousand.

- The purpose of the **Law 181/89 Fund** is to implement investment and employment programmes in steel processing crisis areas. The aforesaid fund was allocated pursuant to the CIPE (Interministerial Committee for Economic Planning) resolution dated 20 December 1990, the contents of which were confirmed by the CIPE itself with its resolution dated 3 August 1993, as well as reaffirmed by the "implementation guidelines" that were formulated by the Ministry of Industry with its letter dated 9 April 1994 and confirmed by Ministerial Decree 1123182/75 dated 23 December 1996, to regulate the implementation of Law 513/93 that integrated the regulations contained in Laws

181/89, 408/89 and 38/90. Losses incurred on the use of funds are accounted for by direct reversal of this item and only include cases in which bankruptcy proceedings have come to an end. As at 31 December 2022, the total insolvency proceedings amounted to € 93,681 thousand.

The breakdown of the L181/89 fund as at 31 December 2022 is shown below:

	2022	2021
Funds collected	645,697	645,697
Capital returns to the MISE	(177,775)	(174,467)
Grants disbursed	(364,595)	(364,617)
Grants to be disbursed	(2,914)	(2,914)
Losses on receivables and equity investments	(30,024)	(30,024)
<b>Total</b>	<b>70,389</b>	<b>73,675</b>

The item "**Capital returns**" represents the amount returned to the Ministry of Economic Development (MISE) pursuant to the provision of Ministerial Decree No. 1184605/75 dated 9 March 2005, instituting the Consolidated Fund, which provides for a six-monthly reimbursement by the Agency of capital received for financing instalments, revoked grants, and disposals of equity investments. This capital will subsequently be reallocated to the Agency for the continuation of the investment and employment programme in the steel processing crisis areas.

In the year 2022, the L. 181/89 fund showed the following movements:

<b>Balance as at 31 December 2021</b>	<b>73,675</b>
Capital grants disbursed and other uses	22
Funds collected	0
Capital returns to the MISE	(3,308)
Losses on receivables and equity investments	0
Other Uses	0
<b>Balance as at 31 December 2022</b>	<b>70,389</b>

As at 31 December, the funds collected, amounting to € 645,697 net of repayments to the Ministry of € 177,775 thousand, were used as follows:

	2022	2021
Capital grants	364,595	364,617
Loans to customers for pre-financing, financing and mortgages (net of returns)	42,241	45,332
Equity investments (net of unpaid share capital)	8,334	8,334
Net receivables from financial institutions	22,945	23,600
Other financial receivables (payables) for items to be recognised	(217)	(677)
Losses on receivables, equity investments and other uses	30,024	30,024
<b>Total</b>	<b>467,922</b>	<b>471,230</b>

Uses include equity investments described and commented on under item 70 of Assets. Any losses on these equity investments are recognised as a reduction of the fund only when they are finally established.

- The **DCF BUL** item, equal to € 62,587 thousand, represents the residual value of the amount collected in December 2016 for the first tranche of DCF funds for the Large BUL Project. In accordance with the provisions of the Guidelines for the implementation, reporting, monitoring and control of the public intervention for the development of Ultra-broadband in 'white areas' - SIE Funds 2014 - 2020, given the favourable opinion of the State-Regions Conference of 20 September 2018, for all advances, including those from the resources allocated under the DFC, it is envisaged that the MIMIT will pay them to Infratel Italia, which holds them on a special unavailable revolving fund

aimed at financing the Bul Grand Project (approved by the European Community only on 2 April 2019). On this revolving fund Infratel Italia can operate only upon prior authorisation by MIMIT itself. The decrease of € 7,168 thousand is mainly due to disbursements for the interim payments to Open Fiber for the work progress reports of the concession model financed with the DFC financing source.

- The **DPR 58/87 Revolving Fund** refers to sums disbursed for financial assistance to subsidiaries in the tourism sector. The Fund comes from allocations made by the former Agensud in accordance with Article 9 of Presidential Decree No. 58/87. A fee of 0.75% per semester on the management of loans granted from this fund is recognised for its management. Assets on this fund are substantially finished, with the exception of a commitment to Italia Turismo amounting to € 24,012,535 related to the approval of an investment programme presented by this company.

- The **Sustainable growth Fund** is exclusively aimed at subscribing to Fondo Italia Venture I, which has the objective of supporting the realisation of investments in the risk capital of companies, start-ups and innovative SMEs with high development potential, favouring the capitalisation of small and medium-sized enterprises to allow easier access to credit and support medium- to long-term development projects. Changes in the fair value of these investments were recognised as a decrease in the related fund under management. The fund is managed by the investee Cdp Venture Capital.

- The item **Block Chain**, amounting to € 15,090 thousand, represents the balance as at 31.12.2022 of the 'Fund for the development of artificial intelligence, Blockchain and Internet of Things technologies and applications'.

- The item **Bul Voucher 2**, amounting to € 13,937 thousand, represents the residual amount as at 31 December 2022 of the financial disbursement by MIMIT in relation to the voucher scheme for less affluent companies as a demand support measure to guarantee the use of ultra-broadband Internet connection services.

- The item **Bul Voucher**, amounting to € 9,528 thousand, represents the residual amount as at 31 December 2022 of the financial disbursement by MIMIT relating to the voucher scheme for less affluent families as a demand support measure to guarantee the use of ultra-broadband Internet connection services by families with an ISEE of less than € 20,000.

- The **Regional Law 23/91 Fund** refers to the residue of the sums disbursed at the time by the Region of Sicily (formerly Law No. 23 dated 15.05.91) net of the amount under Law 359/92.

- The **Tourism Promotion Fund** refers to sums disbursed in implementation of the CIPE resolution of 25 March 1990, aimed at driving tourism promotion activities in Southern Italy. The aim of the programme is to increase tourist flows in the southern regions of Italy by providing adequate technical, organisational and coordination assistance to the initiatives identified. The formula envisaged is that of the co-financing of actions proposed by the Regions, business associations and important organisations operating in tourism. A 10% commission of the funds managed is retained for the organisation, coordination and quality control of the initiatives, as well as for assistance in their design. Activities on this fund are substantially finished. The last disbursement in favour of Marina di Portisco took place in 2021 and the reporting for this activity has been postponed to 2023.

- The **3i Voucher Fund** refers to contributions granted to innovative start-ups in order to support and enhance the innovation process by using advisory services. Activities on this fund are substantially finished.

- The **Broadband and Ultrabroadband Fund** refers to the sums disbursed by MISE and earmarked for the disbursement of contributions to telecommunications operators for the construction of Broadband (model B) and Ultrabroadband (model C) infrastructure, net of the sums already disbursed to beneficiaries.

- **Poli Museali d'Eccellenza (Museums of Excellence)** includes the residual amount related to the agreement for the restoration and renovation of the National Museum of Abruzzo.

- The item **Patent Agreement Fund** was reclassified under Commitments in the item Guarantees and Commitments

- The item **'Other'**, amounting to € 10,823 thousand, is essentially composed of the following provisions:



- **Financial allocation under Art 25 par. 2 L. 196/97 (€ 9,114 thousand)**, which pursuant to Art.1 par. 260-266 of Law No. 205/2017, was used by Invitalia to establish the company Invitalia Global Investment SpA.
- **Venture Capital Revolving Fund (€ 346 thousand)** related to ERDF contributions allocated to the Agency and aimed at setting up 50% of the 10-year Fund for venture capital projects. The final reporting of the fund was made in 2015 and the amount represents the resources that will be transferred to the Ministry upon collection from the ongoing recovery procedures of the remaining shares of acquired equity investments.
- **Acerra crisis area (€ 914 thousand)** related to the payment by the Campania Region of the capital grant, as disciplined in the programme agreement of 14.07.2005, for the coordinated implementation of the intervention in the industrial crisis area of NGP SpA of Acerra in synergy with the Ministry of Economic Development, for the financing of the industrial project promoted by Simpe SpA. Part of these funds (€ 1,235 thousand), at the beginning of 2010, while waiting for further remittances expected from the Campania Region and with the agreement of the Region itself, were used for the disbursement of subsidies in favour of PRO.S.IT Srl, which is implementing an entrepreneurial project within the framework of the afore mentioned programme agreement.

'Trade payables' represent the exposure for invoices received and to be received from third parties.

'Payables to employees' consist mainly of accruals for holidays accrued and not taken and for '14th month' gratuities.

'Payables to social security institutions' refer almost entirely to contributions for the month of December to employees' salaries.

'Payables to tax authorities' consist mainly of IRPEF tax due for the month of December on both employees' salaries and self-employment income.

'Tax consolidation payables' represent payables to subsidiaries that participated in the group tax consolidation scheme.

'Sundry payables' include:

- resources transferred by the Regions to the MISE and by the latter to Infratel within the framework of the 2014-2020 PSR-POR, net of the disbursements made (€ 74,441 thousand)
- payables to the Regions, in the amount of € 32,997 thousand, representing the amounts to be paid to them for revenues from the sale of IRUs to telecommunication operators, net of costs incurred for ordinary, scheduled and extraordinary maintenance functional to the best use of the same, in order to guarantee the progress reports required by telecommunication operators
- deferrals relating to revenues deferred to future years
- transitional items "to branches" and those "awaiting processing" arising, mainly, from processing carried out in the last few days of the year and balanced in the first few days of the following year by the subsidiaries Mediocredito Centrale and Cassa di Risparmio di Orvieto.

It should be noted that the Group manages additional funds disbursed by the State (amounting to approximately € 21,336 thousand), destined for special employment operations provided for and regulated by specific laws.

These amounts are recognised under 'Commitments' because for these funds there is no full or partial risk borne by the Agency and the management is remunerated solely by a fee (commission), so they can be classified as mere services.

## Section 9 – TFR (Employee Termination Indemnity) - Item 90

9.1 TFR (Employee termination indemnity): annual changes

<b>10,734</b>	<b>11,016</b>
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	<b>Total 31/12/2022</b>	<b>Total 31/12/2021</b>
<b>A. Opening balance</b>	<b>11,016</b>	<b>11,511</b>
<b>B. Increases</b>	<b>9,107</b>	<b>6,390</b>
B.1 Provisions for the year	7,037	5,954
B.2 Other Increases	2,070	466
<b>C. Decreases</b>	<b>(9,389)</b>	<b>(6,885)</b>
C.1 Settlements made	(1,718)	107
C.2 Other decreases	(7,671)	(6,962)
<b>D. Closing balance</b>	<b>10,734</b>	<b>11,016</b>

This item represents the 'post-employment benefit' and is calculated by projecting the amount already accrued to the presumed employment termination date. The value thus obtained is discounted to the balance sheet date, using the actuarial Projected Unit Credit method. The method complies with the Defined Benefit Obligation criterion, as provided for in IAS No. 19.

The provision for the year includes the so-called 'interest cost', i.e., the 'notional' charge that would be incurred by requesting a loan from the market in an amount equal to the liability at the beginning of the year, appropriately discounted at the rate applied.

The 'other decreases' item essentially refers to the portion of termination indemnity transferred to supplementary pension funds and to the INPS treasury.

The main demographic and financial assumptions adopted in the evaluation of benefits are:

1. annual inflation rate;
2. discount rates;
3. salary increases;

With reference to the first assumption, the inflation scenario was derived from ISTAT forecasts, assuming the HICP index of 1.0% for 2022 and 1.2% from 2023 onwards.

The annual discount rate used to determine the present value in accordance with Paragraph 83 of IAS 19 refers to the AA-rated Euro-area corporate yield curves as at 31 December 2022.

The annual rate of increase of the TFR (employee termination indemnity) as provided for in Article 2120 of the Italian Civil Code is 75% of inflation plus 1.5 percentage points.

As agreed with the Parent Company's Management, annual remuneration was revalued on the basis of the previous year's HICP index increased by 0.84% for the year 2022 and 0.42% from 2023 onwards. The subsidiary Mediocredito Centrale values this item in accordance with the provisions of Law No. 296 dated 27 December 2006 (2007 Budget Law), pursuant to which the TFR (employee termination indemnity) accruing from 1 January 2007 is configured as a defined contribution plan that does not require actuarial calculation.

Annual salaries were revalued based on the previous year's HICP index increased by 0.84% for the year 2022 and 0.42% from 2023 onwards. With regard to the subsidiary Mediocredito Centrale, since 1 January 2007, the TFR (employee termination indemnity) fund has no longer been fed by the annual accrual of participants, since based on the employees' choice, the same are allocated to a special treasury fund set up with INPS or to a supplementary pension fund. The Fund provides a post-employment benefit and is recorded at its actuarial value taking into

account the appraisal carried out by an independent third-party expert. Costs for the year are recognised as personnel expenses and actuarial gains and losses are recognised as a balancing entry in shareholders' equity.

CRO's TFR (employee termination indemnity) is also recorded in the balance sheet at its actuarial value. For discounting purposes, the Projected Unit Credit Method is used, which involves the projection of future disbursements on the basis of historical statistical analyses and the demographic curve and the financial discounting of these flows on the basis of a market interest rate.

The main actuarial assumptions for Mediocredito Centrale and CRO are summarised below:

- Annual discount rate for TFR (employee termination indemnity): 3.57%
- Annual inflation rate: 2.30%
- Annual rate of increase of TFR (employee termination indemnity): 3.23%
- Rate of salary increase: 1.00%

## Section 10 - Provisions for risks and charges - Item 100

**49,229**      **39,574**

### 10.1 Provisions for risks and charges: breakdown

Items/Components	Total 31/12/2022	Total 31/12/2021
1. Provisions for credit risk related to commitments and financial guarantees given	1,933	3,358
2. Provisions on other commitments and other guarantees given	643	600
3. Corporate pension funds	3,363	3,091
4. Other provisions for risks and charges	43,290	32,525
4.1 Legal and tax disputes	5,848	1,906
4.2 Personnel charges	9,062	11,172
4.3 Others	28,380	19,447
<b>Total</b>	<b>49,229</b>	<b>39,574</b>

### 10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and other guarantees given	Pension funds	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	<b>3,957</b>	<b>3,091</b>	<b>32,526</b>	<b>39,574</b>
<b>B. Increases</b>	<b>1,334</b>	<b>1,129</b>	<b>24,347</b>	<b>26,810</b>
B.1 Provision for the year	1,182	29	20,634	21,845
B.2 Time value changes	-	-	-	0
B.3 Changes due to discount rate adjustments	-	-	-	0
B.4 Other changes	152	1,100	3,713	4,965
<b>C. Decreases</b>	<b>2,715</b>	<b>857</b>	<b>13,583</b>	<b>17,155</b>
C.1 Use in the financial year	2,715	377	10,263	13,355
C.2 Changes due to discount rate adjustments	-	-	-	0
C.3 Other changes	-	480	3,320	3,800
<b>D. Closing balance</b>	<b>2,576</b>	<b>3,363</b>	<b>43,290</b>	<b>49,229</b>

### 10.3 Provisions for credit risk related to commitments and financial guarantees given

	Provisions for credit risk related to commitments and financial guarantees given				
	First stage	Second stage	Third stage	Acquired or originated impaired	Total
Commitments to disburse funds	1,496	265	-	-	1,761
Financial guarantees given	151	20	2	-	173
<b>Total</b>	<b>1,647</b>	<b>285</b>	<b>2</b>	<b>-</b>	<b>1,934</b>

The table shows the adjustment provisions, broken down by stage, connected with irrevocable commitments, relating to loans stipulated and unsecured loans issued.

### 10.5 Defined-benefit corporate pension funds

The corporate pension fund in the financial statements relates to Mediocredito Centrale and concerns the management of the Supplementary Pension Fund, limited to a small group of retired employees who at the time decided not to join the dissolution action.

As at 31 December 2022, 7 pensioners were enrolled in the Fund for Mediocredito Centrale, since there were no longer any active employees, while 9 pensioners were beneficiaries of the Fund for Cassa di Risparmio di Orvieto.

Since this is a supplementary defined-benefit plan, its actuarial value, required under IAS 19, is determined by an independent external actuary.

### 10.6 Provisions for risks and charges: other provisions

Item 100 "Provisions for risks and charges: (c) other provisions for risks and charges" on the Liabilities side of the balance sheet of the consolidated financial statements as at 31 December 2022 includes provisions amounting to € 43.3 million (€ 39.4 million as at 31 December 2021), of which € 2.8 million related to Mediocredito Centrale (€ 11.7 million as at 31 December 2021), € 3.7 million related to CRO (€ 3.1 million as at 31 December 2021), and € 1.5 million related to Infratel (€ 1.6 million as at 31 December 2021).

These provisions refer to specific allocations against probable liabilities.

The main provisions affecting the Parent Company are shown below:

- € 10 million related to a dispute concerning the revocation of a subsidised measure from which a subsidiary had benefited,
- € 10 million for legal obligations related to transactions with a group company;
- € 1.8 million related to charges for renovation work on one of the structures owned by a subsidiary transferred to Invimit;
- € 1.3 million related to labour disputes;
- € 0.5 million for probable risks of non-recognition of costs incurred for regional job orders and charges on works due to various local authorities.

For a description of the main litigations whose risk was assessed as possible or for which the assessment was not possible and for which, therefore, no provision was made, please refer to the section 'Litigation' in the Report on Operations.

## Section 11 - Equity - Items 110, 120, 130, 140, 150, 160 and 170

### 11.1 Capital: breakdown - Item 110

<b>836,384</b>	<b>836,384</b>
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	2022	2021
<b>1. Capital</b>		
1.1 Ordinary shares	836,384	836,384
1.2 Other shares	-	-

\* \* \* \*

Liabilities items 150 and 160, "Reserves" and "Valuation Reserves" respectively, are commented on in Part D - Section 4 - Information on equity.

### Section 12 – Non-controlling interests - Item 180

<b>12,188</b>	<b>(6)</b>
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### 12.1 Minority shareholders' equity: breakdown

	2022	2021
1. Capital	7,485	(4)
2. Own shares	-	-
3. Capital instruments	-	-
4. Share premiums	6,989	-
5. Reserves	(1,476)	(2)
6. Valuation Reserves	(810)	-
7. Profit (loss) for the year	-	-
<b>Total</b>	<b>12,188</b>	<b>(6)</b>

Minority interest refers to 14.68% of the share capital of Cassa di Risparmio di Orvieto held by Fondazione Cassa di Risparmio di Orvieto.

## PART C - INFORMATION ON THE INCOME STATEMENT

### Section 1 - Interest - Items 10 and 20

#### Interest and similar income – Item 10

**61,927**
**57,585**

#### 1.1 Interest and similar income: breakdown

Items/Technical forms	Debt Securities	Financing	Other Operations	Total 31/12/2022	Total 31/12/2021
<b>1. Financial assets measured at fair value through profit or loss:</b>	<b>187</b>	-	-	<b>187</b>	<b>248</b>
1.1 Financial assets held for trading	187	-	-	187	248
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
<b>2. Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-	-
<b>3. Financial assets measured at amortised cost:</b>	<b>5,207</b>	<b>47,032</b>	-	<b>51,305</b>	<b>41,368</b>
3.1 Loans to banks	2,871	204	-	3,075	3,256
3.2 Loans to financial companies	-	924	-	924	-
3.3 Loans to customers	2,336	45,904	-	47,306	38,112
<b>4. Hedging derivatives</b>	-	-	<b>7,873</b>	<b>7,873</b>	<b>9,965</b>
<b>5. Other assets</b>	-	-	<b>(934)</b>	-	<b>84</b>
<b>6. Financial liabilities</b>	-	-	<b>2,562</b>	<b>2,562</b>	<b>5,920</b>
<b>Total</b>	<b>5,394</b>	<b>47,032</b>	<b>10,435</b>	<b>61,927</b>	<b>57,585</b>
of which: interest on impaired financial assets	-	915	-	915	408
of which: interest on leases	-	-	-	-	-

This item, which mainly relates to interest accrued by the bank, consists mainly of interest on the portfolio of loans to customers.

Interest on financial liabilities mainly refers to the benefit from joining the TLTRO III programme, of which:

- € 2.4 million pertaining to Mediocredito Centrale;
- € 2.5 million pertaining to the subsidiary CRO.

## Section 1 – Interest - Item 20

**34,704**

**29,972**

### 1.3 Interest and similar expense: breakdown

Technical items/forms	Debts	Titles	Other Operations	Total 31/12/2022	Total 31/12/2021
<b>1. Financial liabilities measured at amortised cost</b>	<b>10,911</b>	<b>21,009</b>	-	<b>31,920</b>	<b>26,351</b>
1.1 Due to banks	5,598	-	-	5,598	(194)
1.2 Due to financial companies	-	-	-	-	(7)
1.3 Due to customers	5,313	-	-	5,313	6,098
1.4 Debt securities issued	-	21,009	-	21,009	20,454
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
<b>3. Financial liabilities designated at fair value</b>	-	-	-	-	-
<b>4. Other liabilities and funds</b>	-	-	<b>408</b>	<b>408</b>	<b>9</b>
<b>5. Hedging derivatives</b>	-	-	-	-	-
<b>6. Financial assets</b>	-	-	<b>2,376</b>	<b>2,376</b>	<b>3,612</b>
<b>Total</b>	<b>10,911</b>	<b>21,009</b>	<b>2,784</b>	<b>34,704</b>	<b>29,972</b>
of which: interest expenses related to leases	1,694	-	-	1,047	660

The sub-item '**Due to banks**' includes interest from financing repurchase agreements.

The sub-item '**Due to customers**' and '**Due to financial companies**' includes interest related to transactions that fall within the scope of IFRS 16 (referring mainly to real estate leases).

The sub-item '**Debt securities issued**' includes the interest of the bonds issued by the Parent Company and by the subsidiary Mediocredito Centrale, as well as the change in the amortised cost of the same bonds recorded under liability item '10 - Financial liabilities measured at amortised cost - b) Debt securities issued'.

## Section 2 – Fee and Commission income - Items 40 and 50

**470,865**

**525,257**

The item is shown net of the contracts in which Invitalia acts as "Contracting Authority" in compliance with IFRS 15. These are contracts characterised by the fact that Invitalia acts as an "agent", i.e., the obligation to act consists of arranging for a third party to provide the specific good or service.

The reimbursement received is netted with the cost incurred in fulfilling that obligation.

### 2.1 Fee and Commission income: breakdown

Type of services/values	Total 31/12/2022	Total 31/12/2021
a) financial leases	-	-
b) factoring transactions	1,181	545
c) consumer credits	-	-
d) guarantees given	3	-
e) services:	457,368	522,035
- management of third party funds	299,267	400,243
- exchange brokerage	-	-
- product distribution	-	-
- others	158,101	121,792
f) collection and payment services	108	15
g) servicing of securitisation transactions	32	35
h) other commissions	12,173	2,627
<b>Total</b>	<b>470,865</b>	<b>525,257</b>

The item "Management of third party funds" and "Other services" as at 31 December 2022 essentially includes € 185 million relating to fees and contributions for the reimbursement of costs incurred in carrying out activities related to the operational programmes assigned by the competent Administrations due to the Parent Company; and € 37 million from the subsidiary Banca del Mezzogiorno-Mediocredito Centrale for services rendered for the management of the SMEs Guarantee Fund.

"Other commissions" include € 231,098 million of Infratel Italia SpA and related to the valorisation of the construction of sections for which the Company has been entrusted by the Regions through MIMIT, under the agreements entered into by MIMIT with the Regions. The White Areas Project is the one that most affects the increase in the item in 2022.

Details are given below:

	2022	2021
Broadband	231,098	200,222
BdM MCC - Facilitated Funds for SMEs	37,500	154,000
Staying in the South	12,216	13,169
Earthquake in Central Italy	9,487	7,978
AT NOP Enterprise and Competitiveness	7,070	7,597
MUR research project evaluation	6,859	1,055
DC 2015	6,570	9,194
Communication transition to DVB-T2	5,576	7,744



Zero Interest New Enterprises	5,081	3,381
Grow in the South	5,000	4,750
Communication for DGSCERP	4,966	0
Emilia Romagna Earthquake 2019-2020	4,607	7,796
Safeguard Fund	4,402	3,140
Bagnoli-Coroglio reclamation	3,621	3,372
Smart&Start Italy	3,550	3,890
CoC MIBACT Cohesion Policy Interventions	3,416	1,630
Sabatini capital goods	3,320	3,333
Technical Assistance DCF National	3,216	3,687
MEF - NRRP and PNC Operational Tech	3,191	0
MATTM DG ECI	3,000	0
AT MISEDGIAI COP Enterprise and	2,713	2,510
System Actions - Supplementary Act IV	2,510	2,890
Ecobonus	2,280	3,294
Female entrepreneurship	2,234	0
ReOPEN SPL	2,196	2,182
Assistance Tec PO Environment MATTM DGSTA	2,177	3,095
MLPS Controls I level	2,088	2,038
Bagnoli - Works	1,996	1,423
Consumers 2019-2021	1,935	1,515
DCF Foreign Investment Attraction II phase	1,847	0
Patents +2	1,822	1,253
Financial incentives for tourism enterprises -	1,802	0
PNC Earthquake	1,695	0
D. Legislative Decree 185 - Title 2	1,575	2,064
PO MIT DCF 14/20	1,509	973
MATTM - DG RiA - Asbestos	1,490	1,071
Supp. UIBM reinforcement amm and	1,470	0
DC NRP	1,444	0
Creative cultural enterprise development	1,401	1,507
Framework Convention CSU Purification	1,396	991
SELFemployment Tutoring	1,384	1,499
Strengthening digital export	1,371	1,529
ARS controls 12 areas	1,316	924
New Regime 181	1,299	390
CIS former prison S. Stefano Ventotene	1,290	1,700
Erzilli incubator equipment and set-up	1,176	0
MITUR - Enhancement	1,151	0
CIS captaincy	1,150	1,167

Large Enterprise Fund	1,127	1,027
D. Legislative Decree 185 - Title 1	1,127	1,495
Innovative investments - MD 9/3/2018	1,125	1,124
AT PO health DCF	1,089	1,064
NRP 2015-2020- DCF Master Plan	992	1,824
NOP IC - Technical Assistance MiSE- DGMEREEN	955	0
Culture and Tourism DCF 2014-2020	924	1,397
National Aid Register	920	1,375
PCM/DIPE-CIPESS Programme Monitoring	915	0
A.T. REACT - EU Line 1	855	0
Emergency supp. accog. migrants	807	865
CIS Molise	729	798
Strengthening PA NUE implementation	721	1,137
SGATE	706	833
National Revolving Fund - Youth Guarantee	703	0
Complex Industrial Crises	693	1,082
AT chronicity project ICT support	692	0
NOP Culture and Development Support	673	831
Digit DGIAI ZFU	648	1,462
Evaluation Notice 12 areas	643	1,223
Single Project Social Benefits	627	814
Infratel PNR BUL	583	0
Enhancement of museum centres	556	275
Milan Incubator Works	553	0
AT checks finance loc DAIT - Min Int	530	0
SME Heritage Fund	513	805
DTD - Digital Transformation	475	827
DC 2014-2020	448	743
Milan Incubator	354	0
Innovative entrepreneurship	338	1,947
Digital Transformation	329	726
CAP 2007/2013-Interventions in Safeguard	307	689
Central Contracting Authority MEF	185	0
3I Vouchers	101	869
Incubator Genoa	80	0
Internal areas 3	27	671
MISE and MIT PSNMS support	15	0
"DGLC UIBM - Enhancement of administrative	0	987
Law Decree 18/2020 - Art. 5	0	295
Reimbursement of PPE purchase_ former art.	0	176

Support to the COVID 19 Emergency Committee	0	158
Entrepreneurship Tourism 4	0	977
Other orders	22,840	21,615
	<b>457,368</b>	<b>522,035</b>

## Section 2 - Fee and commission expense - Item 50

2.2 Commission liabilities: breakdown

<b>(258,170)</b>	<b>(210,468)</b>
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Services/Values	Total 31/12/2022	Total 31/12/2021
a) guarantees received	(332)	(419)
b) distribution of third party services	(20,116)	(14,554)
c) collection and payment services	(823)	(252)
d) other commissions	(236,899)	(195,243)
<b>Total</b>	<b>(258,170)</b>	<b>(210,468)</b>

The item "Collection and payment services" includes commissions, amounting to € 525,000, incurred for the issue of the Bond by the Parent Company

The item 'Other commissions' includes € 227 million of the subsidiary Infratel Spa referring to the accounting of SIL 2022 related to the Ultra Broadband Concession contract.

Below is a list of fee and commission income entries for '**Distribution of third party services**'.

	2022	2021
Communication transition to DVB-T2	4,333	6,073
RPO Communication	4,108	-
Bagnoli - Works	1,935	1,303
Erzilli incubator equipment and set-up	1,176	-
Earthquake in Central Italy	954	664
Strengthening digital export	787	845
Staying in the South	745	230
NRP 2015-2020- DCF Master Plan	574	490
Milan Incubator Works	540	-
DC 2015	383	407
ReOPEN SPL	363	583
AT NOP Enterprise and Competitiveness 2014-2020	343	349
Emilia Romagna Earthquake 2019-2020	307	334
Enhancement of museum centres	259	-
System Actions - Supplementary Act IV	205	245
New Regime 181	182	154
Digital Transformation	178	-
Bagnoli-Coroglio reclamation	170	222
MATTM - DG RiA - Asbestos	161	-
Safeguard Fund	156	-
Assistance Tec PO Environment MATTM DGSTA	152	155
Framework Convention CSU Purification	141	-
NOP Culture and Development Support	137	130

DTD - Digital Transformation	128	-
CIS former prison S. Stefano Ventotene	113	162
MLPS Controls I level	107	110
CAP 2007/2013-Interventions in Safeguard	98	194
ATG PNC EARTHQUAKE AREA 2009-2016	93	-
CdS (DC) 2014-2020	91	181
School-to-work hub	87	-
Ischia Reconstruction	69	-
Etna Area Reconstruction	62	87
Remediation of former Eternit area	55	-
Ecobonus	48	-
Technical Assistance DCF National Programme	40	50
Smart&Start Tutoring	36	38
Zero Interest New Enterprises	23	28
Innovative entrepreneurship	-	280
Internal areas 3	-	62
System Actions	0	13
Cooperative Development 2017	-	2
Other orders	776	1,162
	<b>20,116</b>	<b>14,554</b>

### Section 3- Dividends and similar income - Item 70

9

-

#### 3.1 Dividends and similar income: breakdown

Items/Proceeds	Total 31/12/2022		Total 31/12/2021	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-
C. Financial assets measured at fair value through other comprehensive income	9	-	-	-
D. Equity investments	-	-	-	-
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>

Equity securities classified as 'financial assets at fair value through other comprehensive income' generated dividends amounting to € 9,000.

**Section 4 - Net trading income - Item 80**
**(2,179)**
**187**

## 4.1 Net trading income: breakdown

Transactions/Income components	Capital gains (A)	Trading gains (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) = (C+D)]
<b>1. Financial assets held for trading</b>	-	-	<b>(1,861)</b>	<b>(318)</b>	<b>(2,179)</b>
1.1 Debt Securities	-	-	(414)	(13)	(427)
1.2 Equity Securities	-	-	-	-	-
1.3 UCITS shares	-	-	(1,447)	(305)	(1,752)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
2.1 Debt Securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial Assets and Liabilities: exchange differences</b>	-	-	-	-	-
<b>4. Derivative Instruments</b>	-	-	-	-	-
4.1 Financial derivatives:	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with fair value option	-	-	-	-	-
<b>Total</b>	-	-	<b>(1,861)</b>	<b>(318)</b>	<b>(2,179)</b>

The net result of financial transactions related to debt securities held in the portfolio is essentially affected by negative year-end valuations that resulted in capital losses amounting to € 1,861 thousand. The securities portfolio is held by the Parent Company.

**Section 5 - Net result of hedging activities - Item 90**

## 5.1 Net result of hedging activities: breakdown

**553**
**222**

Income Components/Values	Total	Total
	31/12/2022	31/12/2021
<b>A. Income related to:</b>		
A.1 Fair Value Hedging Derivatives	-	-
A.2 Hedged assets (fair value hedging)	-	-
A.3 Hedged liabilities (fair value hedging)	63,764	19,990
A.4 Cash Flow Hedging Derivatives	-	-
A.5 Other	-	-
<b>Total income from hedging activities (A)</b>	<b>63,764</b>	<b>19,990</b>
<b>B. Charges relating to:</b>		
B.1 Fair Value Hedging Derivatives	(63,211)	(19,768)
B.2 Hedged assets (fair value hedging)	-	-
B.3 Hedged liabilities (fair value hedging)	-	-
B.4 Cash Flow Hedging Derivatives	-	-
B.5 Other	-	-
<b>Total charges for hedging activities (B)</b>	<b>(63,211)</b>	<b>(19,768)</b>
<b>C. Net income from hedging activities (A - B)</b>	<b>553</b>	<b>222</b>
of which: net result of hedging positions	-	-

This item shows a net result of € 553,000 from hedging activities realised through derivatives.

**Section 6 - Profit (Loss) on disposal/repurchase - Item 100**
**1,052**
**2,315**

## 6.1 Profits (Losses) on disposal/repurchase: breakdown

Items/Income components	Total 31/12/2022			Total 31/12/2021		
	Profit	Loss	Net result	Profit	Loss	Net result
<b>A. Financial Assets</b>	-	-	-	-	-	-
1. Financial assets measured at amortised cost	92	(2)	90	1,175	(680)	495
1.1 Loans to banks	15	-	15	-	-	-
1.2 Loans to financial companies	-	(1)	(1)	-	-	-
1.3 Loans to customers	77	(1)	76	1,175	(680)	495
2. Financial assets measured at fair value through other comprehensive income	962	-	962	1,837	(17)	1,820
2.1 Debt Securities	962	-	962	1,83	(17)	1,820
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>1,05</b>	<b>(2)</b>	<b>1,052</b>	<b>3,01</b>	<b>(697)</b>	<b>2,315</b>
<b>B. Financial liabilities measured at amortised cost</b>	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to financial companies	-	-	-	-	-	-
3. Due to customers	-	-	-	-	-	-
4. Securities issued	-	-	-	-	-	-
<b>Total liabilities (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

This item shows a net positive result of € 1,052,000 arising from the net profit realised through the sale of securities classified as 'financial assets measured at amortised cost' (€ 90,000) and the net positive result of 'financial assets measured at fair value through other comprehensive income' (€ 962,000).

**Section 7 - Net result of other financial assets and liabilities measured at fair value through profit or loss - Item 110**
**(6,835)**
**504**

This item can be broken down as follows:

Description	31/12/2022	31/12/2021
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets mandatorily measured at fair value	(6,835)	504
<b>Total</b>	<b>(6,835)</b>	<b>504</b>

This item includes positive changes resulting from the year-end valuation of the capitalisation policies (€ 534 thousand) and of the negative changes in UCITS fund units (€ 7,403 thousand) classified as financial assets mandatorily measured at fair value.

Realised gains of € 34,000 represent the capital gain on the TFR (employee termination indemnity) investment policy.

7.2 Net value change of other financial assets and financial liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value (IFRS 7, para. 20(a)(i))

Transactions/Income components	Capital gains (A)	Realised gains (B)	Capital losses (C)	Realised losses (D)	Net result [(A+B) - (C+D)].
<b>1. Financial assets</b>	<b>534</b>	<b>34</b>	<b>(7,403)</b>	-	<b>(6,835)</b>
1.1 Debt Securities	-	-	-	-	-
1.2 Equity Securities	-	-	-	-	-
1.3 UCITS units	-	-	(7,403)	-	(7,403)
1.4 Loans	534	34	-	-	568
<b>2. Financial assets in foreign currencies: exchange rate differences</b>	-	-	-	-	-
<b>Total</b>	<b>534</b>	<b>34</b>	<b>(7,403)</b>	-	<b>(6,835)</b>

### Section 8 - Net value losses/recoveries for credit risk - Item 130

**(4,107) (38,112)**

This item can be broken down as follows:

Items / Sectors	2022	2021
a) Financial assets measured at amortised cost	(4,141)	(38,288)
b) Financial assets at fair value through other comprehensive income	34	176
<b>Total</b>	<b>(4,107)</b>	<b>(38,112)</b>

8.1 Net value losses/recoveries for credit risk related to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total	Total
	First stage	Second Stage	Third stage		Impaired acquired or originated		First stage	Second Stage	Third stage	Impaired acquired or originated		
			Write-off	Other	Write-off	Other						
<b>1. Loans to banks</b>	<b>(48)</b>	<b>(125)</b>	-	-	-	-	<b>3,103</b>	<b>62</b>	-	-	<b>2,992</b>	<b>(297)</b>
- for leasing	(48)	-	-	-	-	-	19	-	-	-	(29)	14
- for factoring	-	-	-	-	-	-	2,898	-	-	-	2,898	(126)
- other receivables	-	(125)	-	-	-	-	186	62	-	-	123	(185)
<b>2. Loans to financial companies</b>	-	<b>(3)</b>	-	-	-	-	-	<b>3</b>	-	-	-	<b>(10)</b>
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	(3)	-	-	-	-	-	3	-	-	-	(10)
<b>3. Loans to customers</b>	<b>(3,142)</b>	<b>(3,845)</b>	<b>(1)</b>	<b>(11,021)</b>	-	<b>(8,276)</b>	<b>5,072</b>	<b>4,753</b>	<b>9,327</b>	-	<b>(7,133)</b>	<b>(37,981)</b>
- for leasing	(1,709)	(34)	(1)	(10,041)	-	-	3,936	3,085	3,084	-	(1,680)	(18,716)
- for factoring	(1,889)	(2)	-	-	-	-	1,015	-	-	-	(876)	(1,430)
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- pledge loans	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	456	(3,809)	-	(980)	-	(8,276)	121	1,668	6,243	-	(4,577)	(17,835)
<b>Total</b>	<b>(3,190)</b>	<b>(3,973)</b>	<b>(1)</b>	<b>(11,021)</b>	-	<b>(8,276)</b>	<b>8,175</b>	<b>4,818</b>	<b>9,327</b>	-	<b>(4,141)</b>	<b>(38,288)</b>

Net impairment losses/reversals of impairment losses on loans and receivables consisted of €22,320 thousand of reversals of impairment losses and €26,461 thousand of write-downs on loans and receivables, mainly from customers and classified in stage 3, for which, also based on the opinions of the legal advisors appointed for the purpose, it was deemed necessary to recognise adequate credit adjustment provisions, write-downs on positions whose bankruptcy proceedings have been closed, and write-downs on loans and receivables related to the application of IFRS 9.

8.2 Net value losses/recoveries for credit risks relating to financial assets at fair value through other comprehensive income: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total 31/12/2022	Total 31/12/2021
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			Write-off	Other	Write-off	Other						
A. Debt Securities	(171)	-	-	-	-	-	205	-	-	-	34	177
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- with customers	-	-	-	-	-	-	-	-	-	-	-	-
- with financial companies	-	-	-	-	-	-	-	-	-	-	-	-
- with banks	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(171)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>177</b>

Section 9 - Profit/Loss on contractual changes without derecognition - Item 140

(12)	(897)
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9.1 Profit (loss) on contractual changes: breakdown

		31/12/2022	31/12/2021
a.	Loss on contractual changes without derecognition	(12)	(897)
b.	Profit from contractual changes without derecognition	-	-
	<b>Total a+b</b>	<b>(12)</b>	<b>(897)</b>



**Section 10 - Administrative Expenses - Item 160**

This item can be broken down as follows:

(244,005)	(215,279)
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Items / Sectors	31/12/2022	31/12/2021
Personnel expenses (a)	(188,716)	(166,316)
Other administrative expenses (b)	(55,289)	(48,963)
<b>Total</b>	<b>(244,005)</b>	<b>(215,279)</b>

## 10.1 Personnel expenses: breakdown

Type of expense/Values	Total 31/12/2022	Total 31/12/2021
1) Employees	(175,356)	(153,309)
a) Salaries and wages	(120,516)	(105,291)
b) social security charges	(37,005)	(32,502)
c) termination indemnity	(1,318)	(1,392)
d) social security expenses	(251)	(225)
e) provision for employee termination indemnity	(7,037)	(5,954)
f) provision for pensions and similar obligations:	(29)	(5)
- defined contribution	-	-
- defined benefit	(29)	(5)
g) payments to external supplementary pension funds:	(467)	(2,089)
- defined contribution	(467)	(2,089)
- defined-benefit	-	-
h) other employee benefits	(8,733)	(5,851)
2) Other working personnel	(11,701)	(11,521)
3) Directors and Statutory Auditors	(1,659)	(1,486)
4) Retired personnel	-	-
<b>Total</b>	<b>(188,716)</b>	<b>(166,316)</b>

'Payments to external supplementary pension funds' include TFR (employee termination indemnity) payments made to INPS.

The increase in the cost for 'Salaries and Wages' and 'Social Security Charges' was affected by the increase in the Parent Company's personnel of 234 resources.

*Number of employees per category*

Number of employees	2022	2021
executives	70	71
middle managers	459	425
remaining employees	2,527	2,191
other personnel	3	-
<b>Total</b>	<b>3,059</b>	<b>2,687</b>

*Average number of employees*

Average number of employees	2022	2021
executives	74	72
middle managers	440	413
remaining employees	2,341	2,036
other personnel	2	-
<b>Total</b>	<b>2,858</b>	<b>2,521</b>

10.3 Other administrative expenses: breakdown

Type of expense/Values	Total 31/12/2022	Total 31/12/2021
<b>Other administrative expenses</b>		
- Use of third party assets	(1,018)	(1,063)
- Legal and notarial	(5,559)	(7,148)
- Sundry third-party services	(10,410)	(9,893)
- Maintenance, sundry utilities and insurance	(6,192)	(4,840)
- Other personnel expenses	(3,935)	(3,181)
- Information systems	(16,872)	(14,396)
- Indirect taxes and fees	(1,563)	(1,149)
- Communication expenses	(2,401)	(1,783)
- Consumables and other operating charges	(741)	(531)
- Membership contributions	(346)	(318)
- Board of Statutory Auditors expenses	(5)	(8)
- Other	(6,247)	(4,653)
<b>Total</b>	<b>(55,289)</b>	<b>(48,963)</b>

**Section 11 - Net provisions for risks and charges - Item 170**

This item can be broken down as follows:

(8,490)	(4,984)
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Items / Sectors	31/12/2022	31/12/2021
Commitments for guarantees given (a)	1,533	590
Other net provisions (b)	(10,023)	(5,574)
<b>Total</b>	<b>(8,490)</b>	<b>(4,984)</b>

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

Items / Sectors	2022		
	First and second stages	Third stage	Total
Provisions	(1,182)	-	(1,182)
Write-backs	2,715	-	2,715
<b>Total</b>	<b>1,533</b>	<b>-</b>	<b>1,533</b>

**11.3 Net provisions for other risks and charges: breakdown**

Type of expenditure/Values	Total 31/12/2022	Total 31/12/2021
<b>Other net provisions</b>		
- Utilisation of Provision for Charges	10,640	202
- Net provisions for other risks	(20,663)	(5,776)
<b>Total</b>	<b>(10,023)</b>	<b>(5,574)</b>

The item includes accruals related to litigation with an estimated probable risk of losing the case, and mainly refers to the accrual made by the Parent Company of approximately € 10 million for a litigation concerning the revocation of a subsidised measure from which a subsidiary had benefited, for € 3.8 million for legal obligations related to transactions with a group company, for € 1.8 million for charges related to the renovation of one of the structures owned by a subsidiary transferred to Invimit which, given the simultaneous transfer of the fund's shares to Invitalia, are to be borne by the Agency, and the remainder for liabilities deemed probable for litigation.

For a description of the main litigations for which the risk was assessed as possible or for which the assessment was not possible and for which no provision was made, please refer to the section 'Litigation' in the Report on Operations.

**Section 12 - NET ADJUSTMENT TO PROPERTY, PLANT AND EQUIPMENT - Item 180**
**12.1 Net Adjustment to Property, plant and equipment: breakdown**

	<b>(21,992)</b>	<b>(20,712)</b>
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Asset/Income component	Amortisation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
A. Property, plant and equipment				
A.1 For functional use	(21,503)	-	-	(21,503)
- Owned	(20,060)	-	-	(20,060)
- Rights of use acquired through leasing	(1,443)	-	-	(1,443)
A.2 Held for investment purposes	(489)	-	-	(489)
- Owned	(489)	-	-	(489)
- Rights of use acquired through leasing	-	-	-	-
A.3 Inventories	-	-	-	-
<b>Total</b>	<b>(21,992)</b>	<b>-</b>	<b>-</b>	<b>(21,992)</b>

This item includes depreciation for the year on owned assets as well as value adjustments related to rights of use acquired in transactions falling within the scope of IFRS 16.

**Section 13 - Net adjustments to intangible assets - Item 190**

<b>(13,337)</b>	<b>(8,024)</b>
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## 13.1 Net adjustments to intangible assets: breakdown

Asset/Income component	Amortisation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
1. Intangible assets other than goodwill				
of which software:				
1.1 owned	(13,337)	-	-	(13,337)
1.2 rights of use acquired by leasing	-	-	-	-
2. Assets acquired through financial leases	-	-	-	-
3. Assets acquired through operating leases				
<b>Total</b>	<b>(13,337)</b>	<b>-</b>	<b>-</b>	<b>(13,337)</b>

This item includes amortisation for the year on owned fixed assets.

**Section 14 - Other operating income and expenses - Item 200**

This item can be broken down as follows:

<b>59,759</b>	<b>39,399</b>
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Items / Sectors	31/12/2022	31/12/2021
Other expenses (a)	(4,618)	(4,658)
Other income (b)	64,377	44,057
<b>Total</b>	<b>59,759</b>	<b>39,399</b>

## 14.1 Other operating expenses

Services/Values	2022	2021
<b>14.1 Other operating expenses</b>	-	-
- Other operating expenses	(4,618)	(4,658)
<b>Total</b>	<b>(4,618)</b>	<b>(4,658)</b>

## 14.2 Other operating income: breakdown

Services/Values	2022	2021
<b>14.2 Other operating income</b>	-	-
- Rental income	803	227
- Revenues from contractual penalties	-	-
- Revenues from capital gains	25,401	20,517
- Revenues from operating gains	22,438	12,839
- Reversals	128	3
- Other operating income	15,607	10,471
<b>Total</b>	<b>64,377</b>	<b>44,057</b>

The item "Other operating expenses" mainly includes other charges recorded by the subsidiary Mediocredito Centrale for depreciation on third-party assets, transactions and disputes, and securitisation charges. Earnings from capital grants and operating grants mainly relate to grants from the company Infratel.

The increase in 'Other operating income' essentially refers to income from tax consolidation net of deferred tax assets.

### Section 15 - Profit (Loss) on equity investments - Item 220

1,348	4,367
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15.1 Profit (loss) on equity investments: breakdown

Income Components/Sectors	Total	Total
	31/12/2022	31/12/2021
1. Income	1,348	15,371
1.1 Revaluations	1,348	(71,146)
1.2 Profit from disposal	-	-
1.3 Write-backs	-	86,517
1.4 Other income	-	-
2. Charges	-	(11,004)
2.1 Write-downs	-	(11,004)
2.2 Loss from disposal	-	-
2.3 Value adjustments for impairment	-	-
2.4 Other Charges	-	-
<b>Net result</b>	<b>1,348</b>	<b>4,367</b>

The item includes the profit from the investment in CDP Venture Capital

### Section 19 - Income Taxes for the year from continuing operations - Item 270

(14,819)	(19,826)
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19.1 Income tax for the year from continuing operations: breakdown

Income Components/Sectors	Total	Total
	31/12/2022	31/12/2021
1. Current taxes (-)	(4,435)	(25,793)
2. Changes in current taxes of previous years (+/-)	604	3,569
3. Reduction in current taxes for the year (+)	-	40
3.bis Reduction in current taxes for the year due to tax credits under Law No. 214/2011	-	-
4. Changes in deferred tax assets (+/-)	(10,988)	2,358
5. Changes in deferred tax liabilities (+/-)	-	-
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(14,819)	(19,826)

The change in deferred tax assets refers for € 11,812,000 to the subsidiary Banca del Mezzogiorno.

**Section 20 - Profit (Loss) on discontinued operations after taxes -  
Item 290**

<b>(17,944)</b>	<b>2,890</b>
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20.1 Profit (Loss) on discontinued operations after taxes: breakdown

Income Components/Sectors	Total 31/12/2022	Total 31/12/2021
1. Income	-	10,261
2. Charges	(8,247)	1,578
3. Result of measurement of the group of assets and associated liabilities	(8,139)	(7,314)
4. Profit (loss) realised	-	-
5. Taxes	(1,558)	(1,635)
<b>Profit (loss)</b>	<b>(17,944)</b>	<b>2,890</b>

**Part D - Other Information**

**Section 1 - Specific references on activities carried out**

**B - FACTORING AND ASSIGNMENT OF RECEIVABLES**

## B.1 - Gross value and book value

	2022	2022	2022	2021	2021	2021
Gross value and book value	Gross value	Value Adjustments	Net value	Gross value	Value Adjustment	Net value
<b>1. Performing</b>	<b>218,675</b>	<b>(33)</b>	<b>218,642</b>	<b>124,740</b>	<b>(31)</b>	<b>124,709</b>
. Exposures to assignors (with recourse)	216,976	(21)	216,955	122,517	-	122,517
assignment of future receivables			-			-
other	216,976	(21)	216,955	122,517		122,517
. Exposures to assigned debtors (without recourse)	1,699	(12)	1,687	2,223	(31)	2,192
<b>2. Non-performing</b>	<b>1,718</b>	<b>(1,718)</b>	<b>-</b>	<b>5,068</b>	<b>(997)</b>	<b>4,071</b>
<b>2.1 Non-performing loans</b>						
. Exposures to assignors (with recourse)	1,374	(1,374)	-	4,724	(687)	4,037
assignment of future receivables			-			-
other	1,374	(1,374)	-	4,724	(687)	4,037
. Exposures to assigned debtors (without recourse)	345	(345)	-	344	(310)	34
purchases below nominal value			-			-
other	345	(345)	-	344	(310)	34
<b>2.2 Unlikely To Pay</b>						
. Exposures to assignors (with recourse)						
assignment of future receivables						
other						
. Exposures to assigned debtors (without recourse)						
purchases below nominal value						
other						
<b>2.3 Impaired Positions Past Due</b>						
. Exposures to assignors (with recourse)						
assignment of future receivables						
other						
. Exposures to assigned debtors (without recourse)						
purchases below nominal value						
other						
<b>Total</b>	<b>220,393</b>	<b>(1,751)</b>	<b>218,642</b>	<b>129,808</b>	<b>(1,028)</b>	<b>128,780</b>

## B.2 - Residual Life Breakdown

### B.2.1 – With recourse factoring operations: Advances and 'Total Receivables'

Time bands	- Advances	- Advances	- Total receivables	- Total receivables
	2022	2021	2022	2021
On demand				
Within 3 months				
Over 3 months to 6 months				
Over 6 months to 1 year				
Over 1 year	-	-		
Unspecified term			218,350	127,241
<b>Total</b>	<b>-</b>	<b>-</b>	<b>218,350</b>	<b>127,241</b>

#### B.2.2 – Without recourse factoring operations: exposures

	- Exposures	- Exposures
Factoring operations without recourse	2022	2021
On demand		
Within 3 months		
Over 3 months to 6 months		
Over 6 months to 1 year		
Over 1 year		
Unspecified term	2,044	2,567
<b>Total</b>	<b>2,044</b>	<b>2,567</b>

#### B.3.3 Nominal value of contracts for the acquisition of future receivables

	2022	2021
Nominal value of contracts for the acquisition of Future receivables		
Flow from contracts for the purchase of future receivables in the financial year	-	-
Amount of contracts existing at the reporting date	220,393	129,808
<b>Total</b>	<b>220,393</b>	<b>129,808</b>

### Part D - Other Information

#### Section 1 - Specific references on activities carried out

#### D - GUARANTEES AND COMMITMENTS

##### D.1 - Value of guarantees (real or personal) issued and commitments

	2022	2021
<b>1) On demand financial guarantees given</b>		
a) Banks	3,598	29
c) Customers	82,206	52,591
<b>3) Commercial guarantees given</b>		
c) Customers	40,906	28,796
<b>4) Irrevocable commitments to disburse funds</b>		
c) Customers		
i) for certain use	21,331,967	19,786,958
ii) for uncertain use	350	350
<b>7) Other irrevocable commitments</b>		
a) to give guarantees	451	452
b) other	532,945	163,982
<b>Total</b>	<b>21,992,423</b>	<b>20,033,158</b>

The Guarantees issued are on funds administered on behalf of the State and therefore do not represent direct risks for Invitalia. They refer in particular to:

- guarantees of a commercial nature issued on behalf of Industria Italiana Autobus in favour of Generali SpA for about € 17 million and in favour of Euler Hermes for about € 0.8 million, in addition to further commitments to issue guarantees up to a maximum amount of about € 30 million;



- guarantees of a commercial nature issued by Sider Alloys in favour of Intesa S. Paolo for € 7.8 million;
- pledge of shares equal to the entire subscribed capital (€ 5 million) as collateral for a loan agreement between Arrilirsa and the financing banks to secure Arrilirsa's obligations;
- guarantees of a financial nature issued in the interest of Sicamb in favour of Illimity Bank for an amount of approximately € 2 million.

It should also be noted that commercial guarantees in favour of ENI (for approximately € 123 million) and counter-guarantees in favour of AM S.A. (for approximately € 47 million, of which € 45 million for the Performance Bond) were issued in the interest of Acciaierie d'Italia Holding S.p.A., in execution of the Investment Contract signed on 10 December 2020 with Arcelor Mittal S.A. for the purchase of the 38% stake in Acciaierie d'Italia Holding SpA (ADIH) with capital grants allocated by the Ministry of Economy and Finance (Decree-Law No. 142 of 2019).

With regard to the disclosure obligations under para. 125 et seq. Art. 35 of Decree-Law No. 34 of 30 April 2019, it should be noted that all expenditure commitments made by Invitalia in respect of the funds under management are published in the National Register of State Aid referred to in Art. 52 of Law No. 234 of 24 December 2012, in the transparency section provided therein.

The item 'Other Irrevocable Commitments' mainly includes loans stipulated to be disbursed to customers by Mediocredito Centrale for about € 198 million and by Cassa di Risparmio di Orvieto for about € 331 million. Below is a summary of the financial sources for the facilitation instruments managed by Invitalia.

## DEVELOPMENT CONTRACTS

	2022	2021
<b>NOP 'Research and Competitiveness' ERDF 2007-2013:</b>		
<b>Axis I - Support for structural changes (Operational Objective 4.1.1.2 'Technological-productive areas for system competitiveness')</b>		
- Revolving fund for development contracts	11,494	9,668
<b>Axis II - Support for innovation (Operational objective 4.2.1.1 "Strengthening the production system")</b>		
- Revolving Fund (MD 24/09/10) Axis II - (MD 06/08/10)	28,314	14,553
- Systems grant (MD 24/09/10) Axis I - (MD 24/09/10) Axis II - (MD 06/08/10)	1,519	1,723
<b>NOP SIL 2000-2006</b>		
- Revolving Fund (MD 24/09/10)	7,436	5,507
- Systems grant (MD 24/09/10)	10,674	13,463
<b>Axis II - Competitiveness of enterprises in the tourism, cultural and environmental sector and promotion of supply in the Convergence Objective Regions</b>		
- Revolving fund for subsidised loans	229	-
<b>L'Aquila Earthquake Area - Development and Cohesion Fund</b>		
- Revolving fund for development contracts (Ministerial Decree 24/09/10)	8,996	8,539
<b>2013 Stability Law Basilicata - L. 228/2012</b>		
- Revolving fund for development contracts - L. 228/2012	579	441
- Development Contracts - L. 228/2012	1,730	2,271
<b>Fare Centro Nord - Decree Law 69/2013</b>		
- Revolving fund for development contracts (Ministerial Decree 24/09/10)	60,418	52,027

<b>ACP - Action and Cohesion Plan</b>		
- Revolving fund for development contracts (Ministerial Decree 24/09/10)	3,524	2,611
- Development Contracts (MD 24/09/10)	4,273	4,273
<b>ACP Campania</b>		
- Revolving fund for development contracts (MD 24/09/10) – Systems grant (MD 24/09/10)	2,842	2,046
	333	552
- Campania Region	1,502	12,506
<b>Stability Law 2014 -L.147/2013</b>		
- Revolving Fund (MD 24/09/10)	2,563	1,725
<b>ADP Termini Imerese</b>		
- Revolving fund for development contracts (MD 09/12/14)	79	79
- Systems grant (MD 24/09/10)	2,140	2,140
<b>Development and Cohesion Fund 2014-2020</b>		
- Revolving fund for development contracts (Ministerial Decree 24/09/10)	36,311	75,726
- Development Contracts (MD 24/09/10)	64,034	55,515
<b>NOP E&amp;C Axis I Innovation</b>		
- Revolving fund for development contracts	1,940	2,543
- Development Contracts	1,902	6,337
<b>NOP E&amp;C Axis III ompetitiveness SMEs</b>		
- Revolving fund for development contracts	16,805	25,624
- Rop Lazio Revolving Fund	557	549
<b>NOP E&amp;C Axis IV</b>		
- Revolving fund for development contracts	10,119	10,115
- Development Contracts	1,710	1,216
<b>COP "Enterprise and Competitiveness" 2014-2020</b>		
- Revolving fund for development contracts	9,679	12,571
- Development Contracts	14,577	8,204
<b>COP - Action and Cohesion Programme 2014-2020 "Enterprise and Competitiveness" Axis III</b>		
- Development Contracts	12,356	3,403
<b>Sustainable Growth Fund</b>		
- Revolving fund for development contracts	8,659	10,913
- Development Contracts	15,223	2,955
<b>MD 09 MARCH 2018 -Innovative Investments NOP E&amp;C Axis III 2014-2020</b>		
- Revolving fund for development contracts	37,806	34,123
- Development Contracts	26,385	35,580
<b>MD 09 MARCH 2018 -Innovative Investments NOP E&amp;C Axis IV 2014-2020</b>		
- Revolving fund for development contracts	12	1,046
- Development Contracts	84	926
<b>MD 30-10-2019 -Innovative Investments NOP E&amp;C Axis III 2014-2020</b>		
- Revolving fund for development contracts	105,383	-
- Development Contracts	20,383	-
<b>DC regions</b>		
- Development Contracts Lazio	6,098	3,276
- Development Contracts Abruzzo	450	3,574
- Development Contracts Piedmont	251	663
- Development Contracts Apulia	3,535	3,076
- Development Contracts Sicily	7,511	9,364
- Development Contracts Umbria	375	375
- Development Contracts for Systems North East Regions	729	299
- Development Contracts Basilicata	1,196	1,493
- Development Contracts Marche	108	111

- Development Contracts Sardinia	7,625	11,923
- Development Contracts Veneto	1,277	-
<b>DC National Resources</b>		
- Development Contracts	8,140	472
<b>DC Rop Sardinia</b>		
- Revolving fund for development contracts	365	361
<b>DC Sustainable Mobility</b>		
- Development Contracts	100,000	50,000
<b>DC Budget Law 2020</b>		
- Revolving fund for development contracts	15,000	15,000
- Development Contracts	21,027	9,987
<b>DC Capitanata</b>		
- Development Contracts	2,965	1,302
<b>DC Equity Investments</b>		
- Development contracts Acquisition of equity investments	11,024	9,251
<b>Total</b>	<b>720,247</b>	<b>541,997</b>

## OTHER MEASURES

	2022	2021
<b>IOP 'Renewable Energy and Energy Saving' ERDF 2007-2013:</b>		
<b>Axis I - "Production of Energy from Renewable Sources</b>		
<b>- Activity Line 1.2</b>		
- Revolving fund for subsidised loans	6,733	3,511
- Systems grants	2	2
<b>- Activity Line 2.1</b>		
- Revolving fund for subsidised loans	3,716	1,704
- Systems grants	178	179
<b>- Activity Line 1.1 - Biomass</b>		
- Revolving fund for subsidised loans	378	209
- Systems grant	41	41
<b>Smart &amp; Start Title II and III</b>		
- Operating grants Tit. II (MD 06/03/2013)	3,644	3,644
- Systems grant Tit. III (MD 06/03/2013)	4,585	4,585
- Smart and Start Abruzzo grant	1,169	1,170
<b>Smart and Start Italy</b>		
- Revolving fund – installation grant – operating grant MD 24/09/14	24,740	14,525
- Revolving fund – systems/operating grants Stability Law 2017	20,181	5,082
- Revolving fund – systems/operating grants NOP 2014/2020	4,625	7,743
<b>Zero Interest New Enterprises</b>		
- Revolving fund for subsidised loans Single Fund	115,517	66,939
- Revolving fund for loan Stability Law 2017	45,239	48,261
- Revolving Fund for NOP SIL 2000/2006 loan	15,674	17,482
- Revolving fund for ACP Campania funding	9,437	9,748
- Fees collected from tax authorities	(21,629)	(17,600)
<b>Nito ON systems grant</b>	9,246	-
<b>Selfemployment</b>		
- Revolving fund for subsidised loans	8,092	8,170
<b>Culture Creates Programme (Mibact Decree 11/05/2016) - AZ 3.A.1.A NOP New Enterprises</b>		
- Revolving fund	8,738	9,365

- Systems grant	749	605
<b>Culture Creates Programme (Mibact Decree 11/05/2016) - AZ 3.B.1.A NOP Cons. SMEs</b>		
- Revolving fund	6,002	6,044
- Systems grant	4,021	902
<b>Culture Creates Programme (Mibact Decree 11/05/2016) - AZ 3.C.1.A NOP Third Sector</b>		
- Systems grant	93	891
<b>Crasi L'Aquila MD 14/10/2015</b>		
- Measure I systems grant - New Crasi	7,780	786
- Measure II systems grant	454	454
<b>Murgia</b>		
- Systems grant	3,510	3,510
<b>MD Campania 13/02/2014</b>		
- Revolving fund	3,947	5,327
- Systems grant	1,345	2,775
<b>New Law 181</b>		
-Growth Fund Revolving Fund	18,760	17,536
-NOP E&C Axis III Revolving Fund	6,696	8,834
-ROP ERDF 2014-2020 Campania Revolving Fund	4,549	1,770
-Growth Fund	9,456	7,475
-NOP E&C Axis III systems grant	2,466	4,030
-ROP ERDF 2014-2020 Basilicata Revolving Fund	506	506
-DCF Campania Revolving fund	942	935
-EFRD installation grant	2,530	3,954
-L. 80/05 systems grant	4,485	5,623
-Single Revolving Fund	2,069	2,141
-Single fund systems grant	1,370	1,628
-L. 80/05 Revolving fund	12,041	13,948
-DCF Campania installation grant	472	472
-DCF Calabria Revolving Fund	328	274
-DCF Calabria systems grant	169	169
-ADP Apulia Revolving Fund	60	253
-ADP Apulia systems grant	26	126
-ADP Veneto Revolving Fund	800	800
-ADP Veneto systems grant	160	160
-ADP Piedmont Revolving Fund	149	347
-ADP Marche Revolving Fund	159	350
-ADP Marche systems grant	46	70
-ADP Lazio Revolving Fund	215	-
-ADP Lazio systems grant	82	1
-ADP Liguria Revolving Fund	367	-
-ADP FVG systems grant	46	25
-ADP FVG Revolving fund	61	23
-ADP Calabria Addendum Revolving Fund	3,400	-
-ADP Calabria Addendum systems grant	1,700	-
<b>Staying in the South</b>		
- systems grant – operating grant	90,108	38,575
<b>Internalisation Voucher</b>		
- Tempor Exp. Manager	15,674	19,203
<b>Innovative Investment Vouchers</b>		
- systems grant	110,077	121,244
<b>Curaltalia</b>		
-Curaltalia Law Decree No. 18 of 17 March 2020 - Article 5	10,601	11,001
-Curaltalia D.L. 17 March 2020 - Bando Impresa Sicura art. 43	907	2,051

<b>Patents +</b>		
- grants	65,972	64,013
<b>COP Mise 2020 notice</b>		
- systems grant	2,035	2,933
<b>Growth in the South Fund</b>		
-Equity investments	29,644	39,249
<b>Company Protection Fund</b>		
-Equity investments-Revolving Fund-Debenture loan	275,156	278,860
<b>Call for fuels</b>		
- systems grant	227	591
<b>Bonus Spa</b>		
- systems grant	20,843	53,000
<b>Digital Transformation</b>		
- Revolving Fund	15,147	-
- systems grant	19,394	19,512
<b>Social Economy</b>		
- systems grant	262	385
<b>Large Enterprise Fund</b>		
- Revolving fund	308,716	400,000
<b>Digital Entertainment Fund</b>		
- systems grant	3,815	4,000
<b>National Energy Efficiency Fund</b>		
- Guarantees	77,041	33,257
- Revolving Fund	175,778	77,461
<b>Relaunching SMEs</b>		
- Revolving Fund	8,646	9,284
<b>Smart Money</b>		
- systems grant	7,553	9,025
<b>Fashion Textiles</b>		
- systems grant	4,319	-
<b>Female Entrepreneurship</b>		
- funds collected	16,000	-
<b>Digital Export Bonus</b>		
- funds collected	28,800	-
<b>Digital Consumer Education</b>		
- systems grant	6	-
<b>Bonus Fairs</b>		
- funds collected	33,490	-
<b>Aluminium</b>		
- funds collected	1,399	-
<b>Concession law management</b>		
- Single fund Art. 27 c. 11 L. 488/1999	346,484	318,414
- Fertility project CSF 89/94	26	26
- Young ideas change Italy	-	26
- Community Funds	425	425
<b>Matera DL 91-2017 art 7 co 1-BIS</b>	9,114	8,625
<b>Southern Enterprise Fund</b>	97,509	112,840
Guarantee Fund L.23/12/96 n. 662 c/o Mediocredito Centrale	18,158,599	17,081,173
Fund for Sustainable Growth DL 22/06/12 n. 83 art. 23 c. 2	263,994	181,216
Fund L. 23/12/00 art. 106 c/o Mediocredito Centrale	32,327	32,325
Fund L. 23/12/97 no. 454 c/o Mediocredito Centrale	1,476	1,475
National Research and Innovation Operational Programme Fund 2014-2020	8,602	6,342
Management of single fund share Marche Region	1,779	4,409
Management of single fund share Liguria Region	26	8,764

L. 488 RTI (Mediocredito Centrale/BDS/IRFIS) MAP (now Mise)	7,433	7,436
Other funds	20,514	20,319
<b>Total</b>	<b>20,611,720</b>	<b>19,244,961</b>
Other commitments of uncertain use	350	350
<b>Total</b>	<b>20,612,070</b>	<b>19,245,311</b>
<b>Overall total</b>	<b>21,331,967</b>	<b>19,786,958</b>

The following tables show the liquidity available for individual lines, including accrued annual interest, for the disbursement of the subsidies.

### Development Contracts

In implementation of Article 43 of Decree-Law No. 112 of 25 June 2008, converted with amendments by Law No. 133 of 6 August 2008, the Interministerial Decree of 24 September 2010, published in the Official Gazette No. 300 of 24 December 2010, establishes the so-called 'Development Contracts' identified as a new preferential formula intended to support large investments.

The subsequent Ministerial Decree of February 2014 - published in the Official Gazette on 29 January 2015 - reformed the governance of Development Contracts in compliance with the EU reference legislation for the 2014-2020 period (EU Regulation 651/2014 - GBER). Subsequently, the Ministerial Decree was supplemented and amended by the Ministerial Decree of 9 June 2015 - published in the Official Gazette on 23 July 2015. Finally, on 8 November 2016, a further amending decree was issued - published in the Official Gazette on 5 December 2016 - in order to reduce the timeframe for the granting of subsidies and establish a new procedure in favour of large-scale strategic projects.

Below are details of the individual financial sources active in Development Contracts.

#### **Axis I - Support for structural changes (Operational Objective 4.1.1.2 'Technological-productive areas for system competitiveness')**

This measure provides funding for investment, research and development programmes undertaken in the industry, tourism and trade sectors.

#### **Axis II - Support for innovation (Operational objective 4.2.1 "Strengthening the production system")**

The project includes two investment programmes aimed at industrialising the results of research or experimental development programmes and at pursuing specific objectives of innovation, competitive improvement and environmental protection. For this operational programme, a Revolving Fund was set up for the disbursement of subsidised loans under Operational Objective 4.2.1.1 managed with separate capital and accounting.

	2022	2021
<b>Revolving Fund (MD 24/09/10) Axis I</b>		
Liquidity as at 01/01	9,668	50,296
Repayment from beneficiaries	5,950	3,786
Repayment of interest	41	30
Funds returned to the Ministry	(4,024)	(44,446)
Fees	(141)	-
Net annual banking fees	-	2
<b>Liquidity as at 31/12</b>	<b>11,494</b>	<b>9,668</b>

<b>Revolving Fund (MD 24/09/10) Axis II</b>		
<b>Revolving Fund (MD 06/08/10)</b>		
Liquidity as at 01/01	14,553	85,835
Funds returned to the Ministry	-	(85,600)
<b>Subsidies provided</b>		
MD 06/08/10 PONS RC	-	-
<b>Capital returned:</b>		
MD 06/08/10 PONS RC	9,108	9,639
DC Axis 2	3,601	3,684
ACP	954	858
<b>Interest Repayment</b>		
MD 06/08/10 PONS RC	78	83
DC Axis 2	30	42
ACP	10	12
<b>Fees</b>		
MD 06/08/10 PONS RC	(20)	-
<b>Liquidity as at 31/12</b>	<b>28,314</b>	<b>14,553</b>
<b>Systems grant (MD 24/09/10) Axis I</b>		
<b>Systems grant (MD 24/09/10) Axis II</b>		
<b>Systems grant (MD 06/08/10)</b>		
Liquidity as at 01/01	1,723	1,723
<b>Subsidies provided</b>		
MD 06/08/10 PONS RC	-	-
ACP	(219)	-
Sundry payables	15	-
<b>Liquidity as at 31/12</b>	<b>1,519</b>	<b>1,723</b>

#### NOP SIL 2000-2006

The resources released by NOP SIL 2000- 2006 were used as funding for development contracts.

	2022	2021
<b>Revolving Fund (MD 24/09/10)</b>		
Liquidity as at 01/01	5,507	1,293
Cash advances from other measures	-	5,000
Subsidies provided	(769)	(1,536)
Capital returned	3,679	667
Interest Repayment	132	84
Net annual banking fees	-	(1)
Receivables from other measures	(1,113)	-
<b>Liquidity as at 31/12</b>	<b>7,436</b>	<b>5,507</b>
<b>Systems grant (MD 24/09/10)</b>		
Liquidity as at 01/01	13,463	11,843
Funds collected	-	-
Cash advances from other measures	-	10,000

Cash returns from other measures	-	-
Subsidies provided	(4,032)	(8,380)
Repayments from beneficiaries	-	-
Due to ministerial commission	127	-
Due to tax authorities	2	-
Due to other measures	1,113	-
Net annual banking fees	1	-
<b>Liquidity as at 31/12</b>	<b>10,674</b>	<b>13,463</b>

### Axis II - Competitiveness of enterprises in the tourism, cultural and environmental sector and promotion of supply in the Convergence Objective Regions

The funds allocated to the EU programme are intended for investments in the tourism and cultural sector for the qualification and innovation of accommodation and hospitality services.

	2022	2021
<b>Revolving fund for subsidised loans</b>		
Liquidity as at 01/01	-	681
Return of funds to the Ministry	-	(681)
Capital returned POIN Attractors	94	-
Repayment of POIN interest payments Attractors	1	-
Capital returned ACP 22	133	-
Interest Repayment ACP 22	1	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>229</b>	<b>-</b>

### L'Aquila Earthquake Area - Development and Cohesion Fund

The Agency has been specifically tasked with interventions aimed at fostering economic and employment recovery in the area of Abruzzo affected by the earthquake of April 2009.

	2022	2021
<b>Development Contracts (MD 24/09/10)</b>		
Liquidity as at 01/01	8,539	2,178
Funds collected	-	8,105
Subsidies provided	(691)	(2,030)
Due to Ministerial Commission	25	22
Due to tax authorities	24	-
<b>Liquidity as at 31/12</b>	<b>7,897</b>	<b>8,275</b>
<b>Revolving Fund (MD 24/09/10)</b>		
Subsidies provided	-	(835)
Capital returned	1,084	1,082
Interest Repayment	15	17
<b>Total liquidity as at 31/12</b>	<b>8,996</b>	<b>8,539</b>



### Basilicata Stability Law 2013 - L. 228/2012

In order to favour the start-up and continuation of entrepreneurial initiatives aimed at the development of the tourist offer in the Basilicata region through the strengthening and improvement of the quality of accommodation on offer and of the relative ancillary activities as well as of the support services for the fruition of tourism for the realisation of which one or more investment projects are necessary, financial subsidies are granted to support private investments.

	2022	2021
<b>Revolving fund for development contracts (L. 228/2012)</b>		
Liquidity as at 01/01	441	737
Funds collected	-	-
Subsidies provided	-	(295)
Capital returned	130	-
Interest Repayment	8	-
Net annual fees	-	(1)
<b>Liquidity as at 31/12</b>	<b>579</b>	<b>441</b>
<b>Development Contracts (L. 228/2012)</b>		
Liquidity as at 01/01	2,271	3,015
Funds collected	-	-
Due to Ministerial Commission	-	-
Subsidies provided	(541)	(744)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>1,730</b>	<b>2,271</b>

### Fare Centro Nord - Decree Law 69/2013

Among the active financial sources for Development Contracts is Law 69/ 2013 that contains provisions for economic growth.

	2022	2021
<b>Revolving fund for development contracts (Ministerial Decree)</b>		
Liquidity as at 01/01	52,027	45,248
Subsidies provided	(4,587)	(3,937)
Capital returned	13,682	9,797
Interest Repayment	84	93
Due to Ministerial Commission	-	-
Due to beneficiaries	(808)	808
Net annual banking fees	20	18
<b>Liquidity as at 31/12</b>	<b>60,418</b>	<b>52,027</b>

## ACP - Action and Cohesion Plan

The purpose of the Cohesion Action Plan is to accelerate the implementation of the 2007-2013 programming period, to increase the effectiveness of interventions by targeting them at measurable results and concentrating resources, and to launch new actions, some of which are prototypical in nature, which, depending on the outcomes, may be taken up in the 2014-2020 programming period.

	2022	2021
<b>Revolving fund for development contracts (Ministerial</b>		
Liquidity as at 01/01	2,611	1,686
Subsidies provided	-	-
Capital returned	904	912
Interest Repayment	9	13
<b>Liquidity as at 31/12</b>	<b>3,524</b>	<b>2,611</b>
<b>Development Contracts (MD 24/09/10)</b>		
Liquidity as at 01/01	4,273	5,040
Subsidies provided	-	(789)
Due to Ministerial Commission	-	22
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>4,273</b>	<b>4,273</b>

## ACP Campania

The Campania Region's Action and Cohesion Plan was set up to provide incentives for productive investments oriented towards innovation and competitive improvement in the manufacturing, power generation and specific service sectors. The objective is the reconversion of the crisis area, through innovation, the management integration of companies, the valorisation of disused or underused structures, and the creation of new jobs.

	2022	2021
<b>Revolving fund for development contracts (Ministerial Decree</b>		
Liquidity as at 01/01	2,046	1,311
Capital returned	788	726
Interest Repayment	8	9
<b>Liquidity as at 31/12</b>	<b>2,842</b>	<b>2,046</b>
<b>Systems grant (MD 24/09/10)</b>		
Liquidity as at 01/01	552	650
Transfer of funds from other measures	-	700
Subsidies provided	(229)	(851)
Repayments from beneficiaries	-	7
Due to Ministerial Commission	10	46
<b>Liquidity as at 31/12</b>	<b>333</b>	<b>552</b>
<b>Campania Region</b>		
Liquidity as at 01/01	12,506	14,473
Funds collected	-	10,000
Subsidies provided	(11,030)	(11,967)
Due to tax authorities	26	-
<b>Liquidity as at 31/12</b>	<b>1,502</b>	<b>12,506</b>

### L.147/2013- Stability Law 2014

The purpose of this concessional measure is to finance land securing, reclamation of sites of national interest and other environmental policy interventions.

	2022	2021
<b>Revolving Fund (MD 24/09/10)</b>		
Liquidity as at 01/01	1,725	6,402
Transfer of sums from other measure	3,500	-
Subsidies provided	(4,062)	(5,340)
Capital returned	1,213	614
Interest Repayment	187	34
Due to Ministerial Commission	-	13
Receivables from other measures	(1)	-
Net annual banking fees	1	2
<b>Liquidity as at 31/12</b>	<b>2,563</b>	<b>1,725</b>

### AdP Termini Imerese

This is the 'Programme Agreement' for the regulation of the reconversion and redevelopment of the Termini Imerese Industrial Complex.

	2022	2021
<b>Revolving fund for development contracts (MD 09/12/14)</b>		
Liquidity as at 01/01	79	79
<b>Liquidity as at 31/12</b>	<b>79</b>	<b>79</b>
<b>Systems grant (MD 24/09/10)</b>		
Liquidity as at 01/01	2.140	2.140
<b>Liquidity as at 31/12</b>	<b>2,140</b>	<b>2,140</b>

### Development and Cohesion Fund 2014-2020

The 'Fund for Development and Cohesion' (DCF) is the main financial instrument through which policies for the development of economic, social and territorial cohesion and the removal of economic and social imbalances are implemented in accordance with the provisions of the Italian Constitution and of the Treaty on the Functioning of the European Union.

	2022	2021
<b>Revolving fund for development contracts (Min. Decree 24/09/10)</b>		
Liquidity as at 01/01	75,726	86,456
Funds collected	-	-
Subsidies provided	(47,239)	(14,449)
Capital returned	7,377	4,189
Interest Repayment	265	116
Fees	-	(598)
Payables to other measures	-	(5)
Due to tax authorities	170	-

Net annual banking fees	12	17
<b>Liquidity as at 31/12</b>	<b>36,311</b>	<b>75,726</b>
<b>Development Contracts (MD 24/09/10)</b>		
Liquidity as at 01/01	55,515	37,492
Funds collected	82,965	104,890
Transfer of funds from other measures	-	3,500
Transfer of funds to other measures	(5,500)	(5,700)
Subsidies provided	(69,093)	(84,315)
Fees	-	(399)
Sundry payables	143	48
Net annual banking fees	4	(1)
<b>Liquidity as at 31/12</b>	<b>64,034</b>	<b>55,515</b>

### DC NOP E&C Axis I Innovation

These development contracts are aimed at the realisation of initiatives under the NOP E&C for the management and implementation of: "implementation of intelligent energy distribution networks (smart grids) and work on transmission networks that are strictly complementary and aimed at directly increasing the distribution of energy produced from renewable sources, introduction of equipment equipped with digital communication systems, smart metering and control and monitoring, as infrastructure of 'cities' and peri-urban areas".

Commitments to third parties are set out in the following schedules:

	2022	2021
<b>Revolving fund for development contracts</b>		
Liquidity as at 01/01	2,543	8,201
Funds collected	-	3,000
Subsidies provided	(2,854)	(8,717)
Capital returned	2,191	81
Interest Repayment	60	52
Fees	-	(79)
Receivables from other measures	-	5
<b>Liquidity as at 31/12</b>	<b>1,940</b>	<b>2,543</b>
<b>Development Contracts</b>		
Liquidity as at 01/01	6,337	24,734
Funds collected	2,581	7,000
Subsidies provided	(7,015)	(25,397)
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>1,902</b>	<b>6,337</b>

### DC NOP E&C Axis III SME Competitiveness

This development contract encourages the implementation of industrial, tourism and environmental protection programmes through the promotion and support of SMEs.

	2022	2021
<b>Revolving fund for development contracts</b>		
Liquidity as at 01/01	25,624	35,313
Subsidies provided	(10,740)	(10,383)
Capital returned	1,805	1,183
Interest Repayment	109	64
Payables to other measures	(1)	1
Fees	-	(565)
Net annual banking fees	8	11
<b>Liquidity as at 31/12</b>	<b>16,805</b>	<b>25,624</b>
<b>ROP Lazio revolving fund</b>		
Liquidity as at 01/01	549	542
Repayments from beneficiaries	8	7
<b>Liquidity as at 31/12</b>	<b>557</b>	<b>549</b>

### DC NOP E&C Axis IV

This financial source is aimed at the implementation of intelligent storage systems connected to smart grids and RES distribution plants' related to Axis IV 'Energy Efficiency'.

	2022	2021
<b>Revolving fund for development contracts</b>		
Interest-bearing liquidity	10,115	10,111
Net annual banking fees	3	3
<b>Closing interest-bearing liquidity</b>	<b>10,119</b>	<b>10,115</b>
<b>Development Contracts for Systems</b>		
Interest-bearing liquidity	1,216	4,371
Funds collected	8,000	-
Subsidies provided	(7,508)	(3,156)
Net annual banking fees	1	-
<b>Closing interest-bearing liquidity</b>	<b>1,710</b>	<b>1,216</b>

### COP 'Enterprises and Competitiveness' 2014-2020

The financial resources of the COP (complementary operational programmes) are earmarked for financing two lines of intervention in the most disadvantaged areas of the country: one line for attracting investments capable of ensuring a spill-over effect on SMEs at regional level (60% of the financial allocation), the other (40% of the financial allocation) for significantly large financial investments.

	2022	2021
<b>Revolving fund for development contracts</b>		
Liquidity as at 01/01	12,571	6,381
Funds collected	-	10,000
Transfer of funds to other measure	(3,500)	-
Subsidies provided	(662)	(3,929)
Capital returned	1,237	79
Interest Repayment	32	52
Payables to other measures	-	(11)
Receivables from other measures	1	(1)
<b>Liquidity as at 31/12</b>	<b>9,679</b>	<b>12,571</b>
<b>Development Contracts</b>		
Liquidity as at 01/01	8,204	15,607
Funds collected	-	10,000
Subsidies provided	(2,155)	(17,403)
Due to Ministerial Commission	33	-
Capital returned	8,495	-
<b>Liquidity as at 31/12</b>	<b>14,577</b>	<b>8,204</b>

**COP - Action and Cohesion Programme 2014-2020 "Enterprise and Competitiveness" Axis III**  
Commitments to third parties are set out in the following tables:

	2022	2021
<b>Development Contracts</b>		
Liquidity as at 01/01	3,403	7,895
Funds collected	20,000	10,000
Subsidies provided	(11,114)	(14,514)
Due to tax authorities	67	-
Withholding of Ministerial Compensation	-	22
<b>Liquidity as at 31/12</b>	<b>12,356</b>	<b>3,403</b>

#### DC Sustainable Growth Fund

The purpose of this Measure is to finance industrial investment and environmental protection programmes located in Italy's central and northern regions.

	2022	2021
<b>Revolving fund for development contracts</b>		
Liquidity as at 01/01	10,913	20,913
Funds collected	-	-
Transfer of funds to other measure	-	(10,000)
Subsidies provided	(2,326)	
Return on interest	71	-
Other payables/receivables to other measures	1	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>8,659</b>	<b>10,913</b>
<b>Development Contracts</b>		
Liquidity as at 01/01	2,955	6,935
Funds collected	15,000	10,000
Transfer of funds from other measure	2,000	-
Subsidies provided	(4,769)	(13,980)

Sundry payables	37	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>15,223</b>	<b>2,955</b>

**MD 09 MARCH 2018 - Innovative Investments NOP E&C Axis III 2014-2020**

This Measure is aimed at supporting innovative investment programmes designed to increase the degree of efficiency or the level of flexibility of economic activity, in order to foster the transition of the manufacturing sector to the so-called 'Intelligent Factory' model.

	2022	2021
<b>NOP E&amp;C Development Contracts Axis - III Revolving Fund</b>		
Initial interest-bearing liquidity	34,123	35,668
Funds collected	-	42,299
Receivables from other measures	(388)	-
Transfer of funds	-	4300
Subsidies provided	(11,758)	(29,873)
Reclassification of disbursements previous year MD 30-10-19 FIN	10,679	(10,679)
Reclassification of disbursements previous year MD 30-10-19 Contributions	7,592	(7,592)
Fees	(2,462)	-
Due to beneficiaries	20	-
<b>Liquidity as at 31/12</b>	<b>37,806</b>	<b>34,123</b>
<b>NOP E&amp;C Development Contracts Axis - III for systems</b>		
Initial interest-bearing liquidity	35,580	20,761
Funds collected	-	40,000
Transfer of funds to other measures	-	(4,300)
Subsidies provided	(9,143)	(21,104)
Due to Inland Revenue	171	223
Due to Inland Revenue Previous years	(223)	-
<b>Liquidity as at 31/12</b>	<b>26,385</b>	<b>35,580</b>

**MD 09 MARCH 2018 - Innovative Investments NOP E&C Axis IV 2014-2020**

	2022	2021
<b>NOP E&amp;C Development Contracts Axis - IV Revolving Fund</b>		
Initial interest-bearing liquidity	1,046	248
Funds collected	-	908
Return of MISE funds	-	-
Subsidies provided	(962)	(110)
Fees	(71)	-
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>12</b>	<b>1,046</b>
<b>NOP E&amp;C Development Contracts Axis - IV for systems</b>		
Initial interest-bearing liquidity	926	122
Funds collected	-	900
Subsidies provided	(841)	(96)
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>84</b>	<b>926</b>

**MD 30-10-2019 - Innovative Investments NOP E&C Axis III 2014-2020**

The new call for Innovative Investments supports projects that foster the technological and digital transformation of companies through the use of technologies consistent with the Impresa 4.0 plan and accelerate the transition of the manufacturing sector towards a circular economy model.

	2022	2021
<b>Development Contracts NOP E&amp;C Axis - III Revolving Fund</b>		
Funds collected	160,171	-
Payables to other measures	209	-
Reclassification of previous years' disbursements	(10,680)	-
Subsidies provided	(44,444)	-
Repayments from beneficiaries	127	-
<b>Liquidity as at 31/12</b>	<b>105,383</b>	-
<b>NOP E&amp;C Development Contracts Axis - III for systems</b>		
Funds collected	60,820	-
Payables to other measures	178	-
Subsidies provided	(40,615)	-
<b>Liquidity as at 31/12</b>	<b>20,383</b>	-

**DC Regions**

Ministerial Decree 09/05/2017 introduced a procedure known as 'Development Agreements' to encourage the implementation of large-scale strategic projects. The Agreement, signed between the Regions and the MISE (now MIMIT), provides for a share of co-financing to be borne by the latter from 2014-2020 DCF resources.

	2022	2021
<b>Development Contracts for Systems Lazio</b>		
Liquidity as at 01/01	3,276	2,325
Funds collected	3,890	2,367
Subsidies provided	(1,068)	(1,416)
<b>Liquidity as at 31/12</b>	<b>6,098</b>	<b>3,276</b>
<b>Development Contracts Abruzzo</b>		
Liquidity as at 01/01	3,574	75
Funds collected	-	3,500
Subsidies provided	(3,124)	-
Net annual banking fees	-	(1)
<b>Liquidity as at 31/12</b>	<b>450</b>	<b>3,574</b>
<b>Development Contracts Piedmont</b>		
Liquidity as at 01/01	663	658
Funds collected	63	701
Subsidies provided	(478)	(735)
Fees	(5)	-
Due to Ministerial Commission	8	39



<b>Liquidity as at 31/12</b>	<b>251</b>	<b>663</b>
<b>Development Contracts Apulia</b>		
Liquidity as at 01/01	3,076	3,076
Funds collected	459	-
Subsidies provided	-	-
<b>Liquidity as at 31/12</b>	<b>3,535</b>	<b>3,076</b>
<b>Development Contracts Sicily</b>		
Liquidity as at 01/01	9,364	141
Funds collected	-	15,000
Transfer of funds to other measure	-	(3,500)
Subsidies provided	(1,853)	(2,277)
<b>Liquidity as at 31/12</b>	<b>7,511</b>	<b>9,364</b>
<b>Development Contracts Umbria</b>		
Liquidity as at 01/01	375	539
Funds collected	-	-
Subsidies provided	-	(164)
<b>Liquidity as at 31/12</b>	<b>375</b>	<b>375</b>
<b>Development Contracts North East Region for Systems</b>		
Liquidity as at 01/01	299	211
Funds collected	1,171	680
Subsidies provided	(741)	(592)
<b>Liquidity as at 31/12</b>	<b>729</b>	<b>299</b>
<b>Development Contracts Basilicata</b>		
Liquidity as at 01/01	1,493	549
Funds collected	360	1,046
<b>Subsidies provided</b>		
Financing	(657)	-
Contributions	-	(102)
<b>Liquidity as at 31/12</b>	<b>1,196</b>	<b>1,493</b>
<b>Development Contracts Marche</b>		
Liquidity as at 01/01	111	-
Funds collected	-	140
Subsidies provided	-	(29)
Fees	(3)	-
<b>Liquidity as at 31/12</b>	<b>108</b>	<b>111</b>
<b>Revolving fund for development contracts- for Installation Sardinia</b>		
Liquidity as at 01/01	11,923	-
Transfer of funds from other measure	-	14,840
<b>Subsidies provided</b>		
Financing	(4,487)	(1,799)
Contributions	-	(1,125)
Capital returned	174	-
Interest Repayment	15	7
<b>Liquidity as at 31/12</b>	<b>7,625</b>	<b>11,923</b>
<b>Development Contracts Veneto</b>		
Liquidity as at 01/01	-	-
Funds collected	1,277	-
<b>Liquidity as at 31/12</b>	<b>1,277</b>	<b>-</b>

## DC National Resources

The financial sources that can be used to realise the investments are from the special account No. 1726 called "Interventi Aree depresse" (Depressed Areas Projects), within the resources earmarked for the unused Programme Contracts.

	2022	2021
<b>Development Contracts for Systems</b>		
Liquidity as at 01/01	472	1,068
Transfer of funds from other measure	3,500	-
Funds collected	8,000	-
Subsidies provided	(3,845)	(596)
Net annual banking fees	1	-
Sundry payables	12	-
<b>Liquidity as at 31/12</b>	<b>8,140</b>	<b>472</b>

## DC ROP Sardinia

In 2015, the Sulcis Plan was launched with the aim of revitalising the economic system and enhancing the region's potential.

	2022	2021
<b>Revolving fund for development contracts</b>		
Liquidity as at 01/01	361	14,840
Funds collected	-	3,600
Transfer of funds to other measure	-	(14,840)
Subsidies provided	-	(3,239)
Interest Repayment	4	-
<b>Liquidity as at 31/12</b>	<b>365</b>	<b>361</b>

## DC Sustainable Mobility

In implementation of the provisions of para. 613 of Law No. 232 of 11.12.2016, the MISE (now MIMIT), in agreement with the Italian Ministry of Infrastructure and Transport, enters into an agreement for the purpose of implementing a National Strategic Plan on Sustainable Mobility intended for the renewal of the bus fleet of local and regional public transport services towards the promotion and improvement of air quality with innovative technologies.

	2022	2021
<b>Liquidity 01/01</b>	50,000	
Fund collection	50,000	50,000
<b>Closing interest-bearing liquidity</b>	<b>100,000</b>	<b>50,000</b>

## DC Budget Law 2020

With regard to this measure, the Ministerial Directive of 15/04/2020 provided for an additional allocation of financial resources for the Development Contracts instrument amounting to € 600 million for applications for development agreements and programme agreements across Italy.

	2022	2021
<b>Revolving fund for development contracts</b>		
<b>Liquidity as at 01/01</b>	15,000	-
Fund collection	-	15,000
<b>Closing interest-bearing liquidity</b>	<b>15,000</b>	<b>15,000</b>
<b>Development Contracts for Systems</b>		
<b>Opening liquidity at 01/01</b>	9,987	-
Fund collection	20,000	15,000
Subsidies provided	(8,960)	(5,013)
<b>Closing interest-bearing liquidity</b>	<b>21,027</b>	<b>9,987</b>

## DC Capitanata

On 13 August 2019, the Capitanata Institutional Development Contract (Contratto Istituzionale di Sviluppo per la Capitanata - CIS Capitanata) was signed, through which Invitalia ensures the management of business incentive measures on the basis of what has been allocated for the Development Contracts. The measure is financed with funds from the Presidency of the Council of Ministers.

	2022	2021
<b>Development Contracts for Plants</b>		
Liquidity as at 01/01	1,302	-
Funds collected	9,516	6,963
Subsidies provided	(7,854)	(5,662)
Net annual banking fees	1	1
<b>Liquidity as at 31/12</b>	<b>2,965</b>	<b>1,302</b>

## Equity Investments Development Contracts

Fund set up to intervene in the risk capital of beneficiary companies only under certain circumstances and market conditions (Article 8 bis MD 09/12/2014). Subsequently, the MISE directive of 05/08/2019 authorised Invitalia to issue guarantees and counter-guarantees in favour of public entities and suppliers in order to avoid the interruption of activities with consequent negative effects on employment as well as to re-launch production. As of 31/12/2022, guarantees had been issued to Industria Italiana Autobus for approximately € 17.8 million and to Sider Alloys for approximately € 7.8 million.

	2022	2021
<b>Development Contracts for Acquisition of Equity Investments</b>		
Liquidity as at 01/01	9,251	9,251
Funds collected	15,000	7,003
Capital contribution payment	(4,245)	(7,003)
Opening of credit	(8,982)	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>11,024</b>	<b>9,251</b>

### Other Measures

#### IOP 'Renewable Energy and Energy Saving' ERDF 2007-2013

A number of implementing decrees were issued by the Ministry in connection with the Operational Programme, as outlined below:

- the MISE (now MIMIT), on 6 August 2010, issued three decrees implementing the provisions of the Ministerial Decree of 23 July 2009 with an original allocation of € 500 million, later reduced to € 495 million.
- The Ministry of Economic Development, with the Ministerial Decree of 5 December 2013 (MD 'Energy Efficiency'), promoted the implementation of investment programmes aimed at reducing and rationalising the use of primary energy used in the processing cycles and/or provision of services carried out within an existing production unit, in favour of companies located in the Convergence Objective regions (Calabria, Campania, Puglia and Sicily).

#### **Activity Line 1.2/2.1 - Interventions to support the development of research-related entrepreneurship and the application of innovative technology in the renewable energy sector**

The programme provides for the financing of investment projects concerning the production of instrumental assets functional to the development of renewable energy sources and energy saving. In this regard, two open-ended revolving funds were set up for business lines 1.2 and 2.1, which are managed with separate capital and accounting.

	2022	2021
<b>Revolving fund for subsidised loans line 1.2</b>		
Liquidity as at 01/01	3,511	79,040
Funds returned to the Ministry	-	(78,350)
<b>Repayments from beneficiaries:</b>		
<b>IOP EE 1.2 MD 06/08/10</b>		
Capital returned	121	120
Interest Repayment	-	-
<b>IOP 1.2 MD 05/12/13 Energy Efficiency</b>		
Capital returned	2,217	1,904
Interest Repayment	6	4
<b>IOP EE 1.2 MD 24/04/2015 New Energy Efficiency</b>		
Capital returned	880	778
Net annual banking fees	(1)	3
<b>Other</b>		
Receivables from others previous year	-	11
<b>Liquidity as at 31/12</b>	<b>6,733</b>	<b>3,511</b>
<b>Revolving fund for subsidised loans line 2.1</b>		
Liquidity as at 01/01	1,704	48,998
Funds returned to the Ministry	-	(48,998)
<b>Repayments from beneficiaries:</b>		
<b>IOP EE 2.1 MD 06/08/10</b>	-	469
Capital returned	281	-
Interest Repayment	3	-
<b>IOP 2.1 MD 05/12/13 Energy Efficiency</b>	-	602
Capital returned	790	-
Interest Repayment	3	-
<b>New Energy Efficiency 2.1</b>	-	631
Capital returned	936	-
Net annual banking fees	(1)	2
<b>Liquidity as at 31/12</b>	<b>3,716</b>	<b>1,704</b>

	2022	2021
<b>Systems grant (MD 06/08/10) line 1.2</b>		
Liquidity as at 01/01	2	2
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>2</b>	<b>2</b>
<b>Systems grant (MD 06/08/10) line 2.1</b>		
Liquidity as at 01/01	179	179
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>178</b>	<b>179</b>
<b>Systems grant (MD 06/08/10)</b>	<b>180</b>	<b>181</b>

### Activity Line 1.1 - Interventions for the activation of biomass production chains driven by energy and environmental protection and territorial development objectives (Biomass Call)

The Agency is the Managing Body of the 'Bando Biomasse' (Biomass Call), promoted pursuant to the Ministerial Decree of 13 December 2011, whose purpose is to finance investment programmes for the activation, strengthening and support of biomass supply chains in the regions of Campania, Apulia, Calabria and Sicily.

	2022	2021
<b>Revolving fund for subsidised loans (Min. Decree 13/12/11)</b>		
Liquidity as at 01/01	209	11,252
Subsidies provided	(189)	-
Capital returned	356	208
Interest Repayment	2	2
Repayment of Revolving Funds	-	(11,253)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>378</b>	<b>209</b>
<b>Systems grant (MD 13/12/11)</b>		
Liquidity as at 01/01	41	42
Net annual banking fees	-	(1)
<b>Liquidity as at 31/12</b>	<b>41</b>	<b>41</b>

### Instruments for business creation and new employment Smart&Start (MD 06/03/2013)

The programme provides aid for small start-up companies (SMART) and support for investment programmes by digital and/or technology-based start-ups (START).

	2022	2021
<b>Smart - Contr. Expenses Management - Tit. II (MD 06/03/2013)</b>		
Liquidity as at 01/01	3,644	3,644
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>3,644</b>	<b>3,644</b>
<b>Start-Systems grant Tit. III (MD 06/03/2013)</b>		
Liquidity as at 01/01	4,585	4,598
Subsidies provided	-	(13)
<b>Liquidity as at 31/12</b>	<b>4,585</b>	<b>4,585</b>
<b>Smart and Start Abruzzo (MD 06/03/2013)</b>		
Liquidity as at 01/01	1,170	1,170
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>1,169</b>	<b>1,170</b>

### Smart & Start Italy

The Smart&Start Italia benefits are reserved for innovative start-ups located throughout Italy, whose business idea must have technological and innovative features, or envisages the development of products, services or solutions in the digital economy, or economically enhances the results of the research system.

	2022	2021
<b>Revolving Fund MD 24/09/2014 – systems and operating grants</b>		
Liquidity as at 01/01	14,525	25,441
Funds collected	27,469	-
Transfer to other financial sources	(500)	-
Disbursements paid out for financing	(16,715)	(12,312)
Reclassification of disbursements from previous years	-	(33)
Grants disbursed	(674)	(627)
Reclassification of disbursements from previous years	-	(8)
Capital returned/revocations/deferrals	2,526	1,991
Repayment of interest/revocations/deferrals	97	149
Repayment from grant beneficiaries	-	9
Disbursements in transit	-	(94)
Sundry payables	(10)	10
Receivables from other measures	(1,977)	-
Net annual banking fees	(1)	(1)
<b>Liquidity as at 31/12</b>	<b>24,740</b>	<b>14,525</b>
	<b>2022</b>	<b>2021</b>
<b>Revolving Fund – systems and operating grants Stability Law 2017</b>		
Liquidity as at 01/01	5,082	17,112
Funds collected	22,764	-

<b>Subsidies provided:</b>		
Financing	(7,088)	(11,816)
Reclassification of disbursements previous years for financing	-	(148)
Contributions	(454)	(532)
Reclassification of disbursements from previous years	-	(37)
Capital returned and revocations	494	502
Due to tax authorities for previous years	(2)	(1)
Due to tax authorities for RA	-	2
Sundry payables	7	-
Net annual banking fees	-	-
Fees	(622)	-
<b>Liquidity as at 31/12</b>	<b>20,181</b>	<b>5,082</b>
	<b>2022</b>	<b>2021</b>
<b>NOP 2014/2020 Revolving Fund – installation and operating grants</b>		
<b>Liquidity as at 01/01</b>	7,743	9,890
Funds collected	-	1,200
Net annual banking fees	(1)	(1)
<b>Subsidies provided</b>		
Financing	(3,963)	(2,622)
Contributions	(1,392)	(791)
<b>Capital returned:</b>		
Financing	240	64
Contributions	7	3
Arrears and interest	14	-
Payables to other measure	1,977	-
<b>Liquidity as at 31/12</b>	<b>4,625</b>	<b>7,743</b>

### New Interest-free Enterprises

This measure is aimed at supporting new entrepreneurship through the creation of micro and small enterprises. Article 29 of Decree-Law No. 34 of 30/04/2019, known as the "Growth Decree", has partly redefined the regulations by broadening the range of beneficiaries and changing the eligibility conditions for funding.

	2022	2021
<b>Revolving Fund for subsidised loans 'Single Fund'</b>		
Liquidity as at 01.01	116,939	66,898
Subsidies provided	(1,623)	(17)
Repayments from beneficiaries	201	58
<b>Final interest-bearing liquidity FU</b>	<b>115,517</b>	<b>66,939</b>
<b>Revolving Fund for Financing Stability 2017</b>		
Liquidity as at 01.01	48,261	50,189
Subsidies provided	(3,599)	(2,288)
Capital returned	577	360
<b>Final interest-bearing liquidity Stability 2017</b>	<b>45,239</b>	<b>48,261</b>
<b>Revolving Fund for NOP SIL 2000-2006 funding</b>		
Liquidity as at 01.01	17,482	18,570
Subsidies provided	(1,960)	(972)



Capital returned	151	96
Interest Repayment	1	-
Transfer of funds to other measure	-	(212)
<b>Final interest-bearing liquidity NOP SIL 2000-2006</b>	<b>15,674</b>	<b>17,482</b>
<b>Revolving Fund for CAP funding CAMPANIA</b>		
Liquidity as at 01.01	9,748	9,584
Transfer of funds from other measure	-	212
Subsidies provided	(321)	(59)
Capital returned	11	11
Net annual banking fees	(1)	-
<b>Final interest-bearing ACP CAMPANIA</b>	<b>9,437</b>	<b>9,748</b>
<b>Nito ON systems grant</b>		
Fund collection	10,000	-
Net annual banking fees	(1)	-
Subsidies provided	(753)	-
<b>Closing interest-bearing liquidity Nito ON</b>	<b>9,246</b>	-
Liquidity as at 01.01 for tax authorities	-	-
Fees collected 01.01	(17,601)	(9,285)
Fees collected 2022	(4,028)	(8,315)
<b>Liquidity as at 31/12</b>	<b>173,484</b>	<b>124,830</b>

## SelfEmployment

Selfemployment finances with interest-free loans the start-up of small business initiatives, promoted by young NEETs. The fund is managed by Invitalia within the framework of the Guarantee for Youth Programme, under the supervision of the Italian Ministry of Labour.

	2022	2021
<b>Revolving fund for subsidised loans</b>		
Liquidity as at 01/01	8,170	13,013
Funds collected	2,949	-
Repayments from beneficiaries	1,774	810
Subsidies provided	(4,762)	(5,677)
Transition amounts collected	(31)	31
Sundry payables	3	6
Net annual banking fees	(11)	(13)
<b>Liquidity as at 31/12</b>	<b>8,092</b>	<b>8,170</b>

## Interventions in support of sectors

### **Culture Creates Programme (MIBACT Decree 11/05/2016)**

It is a programme for the creation and development of entrepreneurial initiatives in the cultural and tourism industry and for the support of non-profit enterprises that aim to enhance the cultural resources of the territory in the regions of Basilicata, Calabria, Campania, Apulia and Sicily.

#### **AZ 3.A.1.A NOP New Enterprises**

	<b>2022</b>	<b>2021</b>
<b>Revolving fund</b>		
Liquidity as at 01/01	9,365	10,552
Funds collected	38	-
Subsidies provided	(1,161)	(1,427)
Repayment of capital/revocations	435	260
Reimbursement of interest revocations and more	9	2
Receivables from other measure	(29)	(31)
Receivables from other measure of previous years	31	-
Sundry payables	50	-
Fees collected	-	9
<b>Liquidity as at 31/12</b>	<b>8,738</b>	<b>9,365</b>
<b>Contribution to Plants</b>		
Liquidity as at 01/01	605	172
Funds collected	6,500	5,500
Transfer of funds to other measure	(3,800)	(3,000)
Transfer of funds from other measure	-	150
Subsidies disbursed 3A1A	(1,200)	(2,251)
Subsidies provided 3A1A PLUS	(1,355)	-
Repayment of capital/revocations	12	3
Payables to other measures	19	31
Receivables from other measures	(31)	-
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>749</b>	<b>605</b>

**AZ 3.B.1.A NOP Cons. SME**

	2022	2021
<b>Revolving fund</b>		
Liquidity as at 01/01	6,044	6,246
Funds collected	-	-
Subsidies provided	(196)	(289)
Capital returned	125	87
Payables to other measures	29	-
<b>Liquidity as at 31/12</b>	<b>6,002</b>	<b>6,044</b>
<b>Systems grant</b>		
Liquidity as at 01/01	902	487
Funds collected	6,578	2,500
Funds collected PLUS	3,000	-
Transfer of funds to other measure	-	(150)
Transfer of funds from other measure	8,900	5,000
Subsidies provided	(88)	(110)
Subsidies provided PLUS	(15,269)	(6,824)
Net annual banking fees	(1)	(1)
<b>Liquidity as at 31/12</b>	<b>4,021</b>	<b>902</b>

**AZ 3.C.1.A NOP Tertiary Sector**

	2022	2021
<b>Systems grant</b>		
Liquidity as at 01/01	891	376
Funds collected	6,500	4,000
Transfer of funds to other measure	(5,100)	(2,000)
Subsidies provided	(1,715)	(1,179)
Subsidies provided PLUS	(483)	(307)
Repayments from beneficiaries	-	1
<b>Liquidity as at 31/12</b>	<b>93</b>	<b>891</b>

**Crasi L'Aquila MD 14/10/2015**

This initiative promotes economic recovery and job creation in the area of Abruzzo affected by the 2009 earthquake and is divided into Measure I and Measure II. The first one supports the creation of new enterprises or the upgrading of existing ones, the second one finances local excellences with initiatives to increase their visibility.

	2022	2021
<b>Measure I systems grant</b>		
Liquidity as at 01/01	786	1,726
Funds collected	7,500	-
Transfer of sums from other measure	500	-
Subsidies provided	(67)	(95)
Capital return by revocation	-	-
Due to tax authorities	-	-
<b>New Crasi</b>		

Subsidies provided	(941)	(872)
Other amounts collected	-	27
Payables to tax authorities	2	-
<b>Liquidity as at 31/12</b>	<b>7,780</b>	<b>786</b>
<b>Measure II c/Facilities</b>		
Liquidity as at 01/01	454	455
Subsidies provided	-	-
Return of capital for revocations	-	-
Other amounts collected	-	-
Due to tax authorities	-	-
Sundry payables	-	(1)
<b>Liquidity as at 31/12</b>	<b>454</b>	<b>454</b>
<b>Total liquidity as at 31/12</b>	<b>8,234</b>	<b>1,240</b>

### Murgia MD 18/10/2013

The Agency is the managing body of the MD Murgia Call, promoted pursuant to the Ministerial Decree of 13 October 2013, whose aim is the reconversion and reindustrialisation of the Murgia area affected by crisis of the upholstered furniture sector.

	2022	2021
<b>Systems grant</b>		
Liquidity as at 01/01	3,510	3,510
Transfer of funds, other measure	-	-
<b>Liquidity as at 31/12</b>	<b>3,510</b>	<b>3,510</b>

### MD CAMPANIA 13/02/2014

The Agency is the managing body of the Campania MD Call, promoted pursuant to the Ministerial Decree of 13 February 2014, whose purpose is the industrial revitalisation and/or redevelopment of the production system of the territories of the municipalities falling within the areas affected by industrial crisis in Campania.

	2022	2021
<b>Revolving Fund</b>		
<b>Initial liquidity</b>	5,327	4,981
Subsidies provided	(2,078)	(155)
Capital returned	673	481
Interest/loan repayment	25	20
<b>Liquidity as at 31/12/2021</b>	<b>3,947</b>	<b>5,327</b>
<b>Systems grant</b>		
Interest-bearing liquidity 01/01	2,775	3,065
Subsidies provided	(1,430)	(290)
<b>Liquidity as at 31/12/2021</b>	<b>1,345</b>	<b>2,775</b>

## New Law 181

With the decree of 09/06/2015, the MISE (now MIMIT) regulated the conditions and modalities for the interventions to be carried out under the new aid provisioning system. The territories in which the interventions are to be implemented are divided into complex industrial crisis areas; non-complex industrial crisis areas; other areas.

	2022	2021
<b>Revolving Fund, Growth Fund</b>		
Liquidity as at 01/01	17,536	6,425
Funds collected	21,262	26,500
Transfer of funds from other measure	316	-
Transfer of funds to other measure	(22)	(1)
Subsidies provided	(23,337)	(16,810)
Capital returned	3,006	1,422
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>18,760</b>	<b>17,536</b>
<b>NOP E&amp;C Axis III Revolving Fund</b>		
Liquidity as at 01/01	8,834	9,470
Funds collected	-	3,575
Subsidies provided	(3,313)	(4,452)
Capital returned	1,175	385
Transfer of funds from other measure	-	1
Fees collected	-	(145)
<b>Liquidity as at 31/12</b>	<b>6,696</b>	<b>8,834</b>
<b>ROP ERDF 2014-2020 Campania Revolving Fund</b>		
Liquidity as at 01/01	1,770	3,286
Funds collected	4,694	-
Subsidies provided	(2,533)	(1,520)
Capital returned	619	38
Fees collected	-	(34)
<b>Liquidity as at 31/12</b>	<b>4,549</b>	<b>1,770</b>
<b>Growth Fund</b>		
Liquidity as at 01/01	7,475	3,475
Funds collected	9,355	9,600
Transfer of funds from other measure	-	65
Subsidies provided	(7,364)	(5,676)
Due to tax authorities	1	11
Due to tax authorities from previous years	(11)	-
<b>Liquidity as at 31/12</b>	<b>9,456</b>	<b>7,475</b>
<b>NOP E&amp;C Axis III Systems grant</b>		
Liquidity as at 01/01	4,030	1,148
Funds collected	-	5,000
Subsidies provided	(1,564)	(2,118)
Due to tax authorities for R.A.	-	-
<b>Liquidity as at 31/12</b>	<b>2,466</b>	<b>4,030</b>
<b>ROP ERDF 2014-2020 Basilicata Revolving Fund</b>		
Liquidity as at 01/01	506	506
Funds collected	-	-

<b>Liquidity as at 31/12</b>	<b>506</b>	<b>506</b>
<b>DCF Campania Revolving Fund</b>		
Liquidity as at 01/01	935	29
Funds collected	-	900
Subsidies provided	-	-
Capital returned	7	6
<b>Liquidity as at 31/12</b>	<b>942</b>	<b>935</b>
<b>ERDF systems grant</b>		
Liquidity as at 01/01	3,954	138
Funds collected	-	4,500
Subsidies provided	(1,424)	(684)
<b>Liquidity as at 31/12</b>	<b>2,530</b>	<b>3,954</b>
<b>L. 80/05 Systems grant</b>		
Liquidity as at 01/01	5,623	703
Funds collected	-	6,800
Subsidies provided	(1,149)	(1,880)
Due to Inland Revenue	12	-
Net annual banking fees	(1)	-
<b>Liquidity as at 31/12</b>	<b>4,485</b>	<b>5,623</b>
<b>Single Revolving Fund</b>		
Liquidity as at 01/01	2,141	2,668
Subsidies provided	(462)	(677)
Capital returned	393	104
Sundry payables	(3)	46
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>2,069</b>	<b>2,141</b>
<b>Consolidated Fund</b>		
Liquidity as at 01/01	1,628	1,835
Subsidies provided	(258)	(207)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>1,370</b>	<b>1,628</b>
<b>L. 80/05 Revolving fund</b>		
Liquidity as at 01/01	13,948	1,655
Funds collected	-	16,100
Subsidies provided	(2,922)	(4,296)
Capital returned	1,015	489
<b>Liquidity as at 31/12</b>	<b>12,041</b>	<b>13,948</b>
<b>DCF Campania Contribution</b>		
Liquidity as at 01/01	472	72
Funds collected	-	400
Subsidies provided	-	-
<b>Liquidity as at 31/12</b>	<b>472</b>	<b>472</b>
<b>DCF Calabria Revolving Fund</b>		
Liquidity as at 01/01	274	334
Funds collected	-	600
Subsidies provided	-	(662)
Capital returned	54	2
<b>Liquidity as at 31/12</b>	<b>328</b>	<b>274</b>
<b>DCF Calabria Contribution</b>		
Liquidity as at 01/01	169	173

Funds collected	-	300
Subsidies provided	-	(304)
<b>Liquidity as at 31/12</b>	<b>169</b>	<b>169</b>
<b>ADP Apulia Revolving Fund</b>		
Liquidity as at 01/01	253	-
Funds collected	-	2,590
Transfer of funds to other measures	(1)	(2,060)
Subsidies provided	(235)	(292)
Capital returned	43	15
<b>Liquidity as at 31/12</b>	<b>60</b>	<b>253</b>
<b>ADP Apulia Contribution</b>		
Liquidity as at 01/01	126	-
Transfer of funds from other measure	1	250
Subsidies provided	(101)	(124)
<b>Liquidity as at 31/12</b>	<b>26</b>	<b>126</b>
<b>Veneto Revolving fund</b>		
Liquidity as at 01/01	800	-
Transfer of funds from other measure	-	800
<b>Liquidity as at 31/12</b>	<b>800</b>	<b>800</b>
<b>Veneto Contribution</b>		
Liquidity as at 01/01	160	-
Transfer of funds from other measure	-	160
<b>Liquidity as at 31/12</b>	<b>160</b>	<b>160</b>
<b>ADP Piedmont Revolving Fund</b>		
Liquidity as at 01/01	347	-
Transfer of funds from other measure	1	797
Subsidies provided	(228)	(451)
Capital returned	29	1
<b>Liquidity as at 31/12</b>	<b>149</b>	<b>347</b>
<b>ADP Marche Revolving fund</b>		
Liquidity as at 01/01	350	-
Fund collection	-	350
Subsidies provided	(213)	-
Capital returned	22	-
<b>Liquidity as at 31/12</b>	<b>159</b>	<b>350</b>
<b>ADP Marche Contribution</b>		
Liquidity as at 01/01	70	-
Fund collection	-	70
Subsidies provided	(24)	-
<b>Liquidity as at 31/12</b>	<b>46</b>	<b>70</b>
<b>ADP Lazio Revolving Fund</b>		
Liquidity as at 01/01	-	-
Fund collection	215	72
Subsidies provided	-	(72)
<b>Liquidity as at 31/12</b>	<b>215</b>	-
<b>ADP Lazio Contribution</b>		
Liquidity as at 01/01	1	-
Fund collection	82	28
Subsidies provided	-	(27)
<b>Liquidity as at 31/12</b>	<b>82</b>	<b>1</b>

<b>ADP Liguria Revolving Fund</b>		
Fund collection	469	-
Subsidies provided	(108)	-
Capital returned	6	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>367</b>	<b>-</b>
<b>ADP FVG Contribution</b>		
Liquidity as at 01/01	25	-
Transfer of funds from other measure	21	90
Transfer of Funds to other measure	-	(65)
<b>Liquidity as at 31/12</b>	<b>46</b>	<b>25</b>
<b>ADP FVG Revolving fund</b>		
Liquidity as at 01/01	23	-
Fund collection	58	-
Transfer of funds from other measure	1	220
Return of funds other measure	-	(197)
Subsidies provided	(20)	-
<b>Liquidity as at 31/12</b>	<b>61</b>	<b>23</b>
<b>ADP Calabria Addendum Revolving Fund</b>		
Fund collection	3,400	-
<b>Liquidity as at 31/12</b>	<b>3,400</b>	<b>-</b>
<b>ADP Calabria Addendum contribution</b>		
Fund collection	1,700	-
<b>Liquidity as at 31/12</b>	<b>1,700</b>	<b>-</b>

### Resto al Sud

Via Decree-Law No. 91 of 20 June 2017, the Resto al Sud (Remain in the South) measure was established, which aims to incentivise the creation of new enterprises in Southern Italy, for beneficiaries aged 45 years or less and having their registered office in the regions of Abruzzo, Basilicata, Calabria, Molise, Puglia, Sardinia and Sicily. By Decree-Law No. 123 of 24 October 2019, the measure was also extended to the municipalities of the earthquake area in the regions of Lazio, Marche and Umbria.

	2022	2021
<b>Central tax authorities</b>		
Liquidity as at 01/01	20,909	36,492
Funds collected	164,448	72,800
Funds in current account	(94,100)	(76,800)
Fees collected	(11,748)	(11,583)
<b>Liquidity as at 31/12</b>	<b>79,509</b>	<b>20,909</b>
<b>Systems grant</b>		
Liquidity as at 01/01	16,829	3,664
Funds transferred from central treasury	85,000	71,000
Net annual banking fees	(2)	(1)
Subsidies provided	(93,550)	(58,077)
Amounts collected for revocations	252	166
Financial items in transit	563	17
Financial items in transit previous years	(17)	-



Due to tax authorities	353	52
Due to tax authorities previous year	(53)	-
Interest receivable	-	7
Interest payable	23	1
Receivables from other measures	(31)	-
<b>Liquidity as at 31/12</b>	<b>9,367</b>	<b>16,829</b>
<b>Interest rate subsidy</b>		
Liquidity as at 01/01	837	863
Funds transferred from central treasury	9,100	5,800
Net annual banking fees	(5)	(3)
Subsidies provided	(8,792)	(5,853)
Amounts collected for revocations	97	23
Financial items in transit	37	15
Financial items in transit previous years	(19)	-
Systems grant receivables	(23)	(1)
Systems grant payables	-	(7)
<b>Liquidity as at 31/12</b>	<b>1,232</b>	<b>837</b>

### Internalisation Voucher

On 29 September 2017, an agreement was signed with MISE (now MIMIT) aimed at supporting, through the granting of non-repayable contributions in the form of Vouchers, SMEs that intend to turn their interests towards markets outside Italy, through a specialist capable of analysing, designing and managing these processes.

	2022	2021
<b>National systems grants</b>		
Liquidity as at 01/01	-	1,557
Return of funds to the Ministry	-	(1,522)
Subsidies provided	-	-
Due to tax authorities	-	(4)
Due to tax authorities previous years	-	-
Disbursements in transit	-	(30)
Net annual banking fees	-	(1)
<b>Liquidity as at 31/12</b>	<b>-</b>	<b>-</b>
<b>Tempor Exp. Manager systems grant</b>		
<b>Liquidity as at 01/01</b>	<b>19,203</b>	<b>-</b>
Funds collected	-	19,200
Subsidies provided	(3,700)	-
Accounts payable	127	-
Sundry debts	39	-
Net annual banking fees	5	3
<b>Liquidity as at 31/12</b>	<b>15,674</b>	<b>19,203</b>

### Innovative Investments Voucher

On 23/10/2019, an agreement was signed with MISE (now MIMIT) aimed at supporting, through the granting of non-repayable contributions in the form of Vouchers, SMEs wishing to purchase specialised consultancy on technological and digital transformation processes.

	2022	2021
<b>Innovative Investments Voucher</b>		
Liquidity as at 01/01	121,244	38,860
Funds collected	-	121,098
Subsidies provided	(10,996)	(38,640)
Repayments from beneficiaries	41	21
Fees	(114)	(85)
Due to tax authorities	9	49
Due to tax authorities from previous years	(49)	(117)
Due to Inland Revenue	(61)	61
Sundry payables	5	1
Net annual banking fees	(2)	(4)
<b>Liquidity as at 31/12</b>	<b>110,077</b>	<b>121,244</b>

### Curitalia Decree-Law No 18 of 17 March 2020 - Art. 5

This decree provides incentives for companies that implement investments to increase the availability of medical devices and personal protective equipment in order to contain the Covid-19 epidemiological emergency.

	2022	2021
<b>Curitalia Law Decree 17 March 2020 No. 18 - art.5</b>		
Liquidity as at 01/01	11,001	15,609
Funds collected	-	-
Disbursements paid out for financing	1,280	12,299
Disbursements paid out for systems grants	(2,025)	(15,274)
Disbursements paid out for operating grants	(346)	(2,132)
Capital returned	2,075	499
Repayment of late/revocable/deferred interest	110	
Due to Inland Revenue	(5)	-
Fees	(1,489)	
<b>Liquidity as at 31/12</b>	<b>10,601</b>	<b>11,001</b>

### Curaltalia D.L. 17 March 2020 – Safe Enterprise Call art. 43

This call provides access to reimbursement of expenses incurred by companies for the purchase of personal protective equipment.

	2022	2021
<b>Curaltalia D.L. 17 March 2020 – Safe Enterprise call art. 43</b>		
Liquidity as at 01/01	2,051	2,926
Funds collected	-	-
Subsidies provided	-	(865)
Capital returned	21	4
Payables to Inland Revenue Agency Medical Disp.	-	(13)
Fees	(1,165)	(1)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>907</b>	<b>2,051</b>

### Patents+

The aim of the measure is to support projects that exploit the best patents from public and private research.

	2022	2021
Liquidity as at 01/01	64,013	50,279
Funds collected	20,000	23,000
Subsidies provided	(18,495)	(9,374)
Net annual banking fees	3	3
Capital amounts collected for revocations/guarantees/deferrals	150	82
Interest collected for revocations/guarantees/deferrals	10	7
Due to beneficiaries	188	-
Due to tax authorities from previous years	(29)	(13)
Due to tax authorities	132	29
<b>Liquidity as at 31/12</b>	<b>65,972</b>	<b>64,013</b>

### COP Mise 2020 Notice

Agreement entrusting the Agency with the support service for the design and management of a funding measure aimed at fostering the development of the level of technological maturity of industrial property titles held by universities, research organisations and institutes of a scientific nature.

	2022	2021
Liquidity as at 01/01	2,933	5,302
Subsidies provided	(898)	(2,369)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>2,035</b>	<b>2,933</b>

### Cresci al Sud Fund

The Budget Law of 27.12.2019 created a fund called 'Fondo Cresci al Sud' (Growth in the South Fund), intended to facilitate, through capital investments, the competitiveness and growth of SMEs with registered and operational headquarters in the following regions: Abruzzo - Basilicata - Calabria - Molis - Puglia - Saredegna - Sicily.

	2022	2021
Liquidity as at 01/01	39,249	50,000
Liquidity as at 01/01		-
Transfer of funds between accounts	(8,000)	(11,000)
Funds collected	8,000	11,000
Subsidies provided for payment of unpaid share capital	(8,400)	(10,500)
Net annual banking fees	(6)	(1)
Dividends collected on equity investments	800	1,000
Fees collected	(5,000)	(1,250)
Payables for subscriptions	3,000	-
<b>Liquidity as at 31/12</b>	<b>29,643</b>	<b>39,249</b>

### Company Protection Fund

The Fund is aimed at the restructuring of companies owning historic brands of national interest, having at least 250 employees and that are in a state of economic-financial difficulty, or companies that, regardless of the number of employees, hold assets and relations of strategic importance for Italy.

	2022	2021
Liquidity as at 01/01	278,860	300,000
Funds collected	50,000	-
Subsidies provided	(50,806)	(19,500)
Net annual banking fees	(1)	-
Repayment of interest/coupons	227	-
Fees	(3,124)	(1,640)
<b>Liquidity as at 31/12</b>	<b>275,156</b>	<b>278,860</b>

### Fuels Call

The measure is aimed at micro-, small- and medium-sized enterprises resident in Italy operating motorway fuel distribution services which, in consideration of maintaining the service during the health emergency period, even in the presence of a considerable drop in demand for fuel, are granted a contribution commensurate with the social security and welfare contributions due on wages and salaries for the months of March, April and May 2020.

	2022	2021
<b>Systems grant</b>		
Liquidity 01/01	591	-
Funds collected	-	1.518
Subsidies provided	(364)	(927)
<b>Closing interest-bearing liquidity</b>	<b>227</b>	<b>591</b>

### Spa Bonus

The measure provides for vouchers for the purchase of spa services. Voucher applications can be submitted by users at previously accredited spa establishments.

	2022	2021
<b>Systems grant</b>		
Liquidity as at 01/01	53,000	-
Funds collected	-	53,000
Subsidies provided	(32,172)	-
Payables to other measures	15	-
<b>Liquidity as at 31/12</b>	<b>20,843</b>	<b>53,000</b>

### Digital Transformation

The measure is aimed at supporting the Digital Transformation of micro-, small- and medium-sized enterprises, in the manufacturing sector and in the direct business services sector, in the tourism sector for enterprises engaged in the digitalisation of the use of cultural assets, and in the trade sector, thus contributing to the objectives of innovation and growth of competitiveness of Italy's entire production network.

	2022	2021
Liquidity as at 01/01	19,512	
Funds collected	15,609	19,512
Subsidies provided:		
Loans	(572)	-
Contributions	(143)	-
Capital returned	11	-
Due to tax authorities	124	-
<b>Liquidity as at 31/12</b>	<b>34,541</b>	<b>19,512</b>

## Social Economy

Convention signed with the MISE DGIAI (now MIMIT) on 21.11.2018 and expiring on 31.12.2021 addressed to type B social cooperatives (aimed at employing disadvantaged people) and type A social cooperatives (aimed at creating social, sociomedical and educational services). An aid scheme aimed at supporting the birth and growth of enterprises operating, throughout Italy, in pursuit of the general interests and socially useful purposes identified by industry regulations.

	2022	2021
<b>Systems grant</b>		
Liquidity 01/01	385	-
Funds collected	-	487
Subsidies provided	(123)	(103)
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>262</b>	<b>385</b>

## Large Enterprises Fund

The Fund operates by granting aid in the form of loans, to be repaid within a maximum of five years, to large companies in temporary financial difficulty, excluding companies in the banking, financial and insurance sectors.

	2022	2021
Liquidity as at 01/01	400,000	-
Funds collected	-	400,000
Subsidies provided	(91,300)	-
Net annual banking fees	16	-
<b>Liquidity as at 31/12</b>	<b>308,716</b>	<b>400,000</b>

## Digital Entertainment Fund

Via the Decree of 18.12.2020, the MISE (now MIMIT) signed an incentive that favours the design and pre-production of video games. It is aimed at companies have their registered office in the European Economic Area and physical residence in Italy at the date of application.

	2022	2021
Liquidity as at 01/01	4,000	
Funds collected	-	4,000
Subsidies provided	(185)	-
<b>Liquidity as at 31/12</b>	<b>3,815</b>	<b>4,000</b>

## National Energy Efficiency Fund

The Fund is an incentive that supports the implementation of interventions aimed at ensuring the achievement of national energy efficiency targets. Recipients of the incentives are companies, ESCOs and public administrations in individual or associated form.

	2022	2021
Liquidity as at 01/01 - Guarantees	33,257	33,257
Funds collected	43,784	-
<b>Liquidity as at 31/12</b>	<b>77,041</b>	<b>33,257</b>
Liquidity as at 01/01 - Financing	77,461	77,600
Funds collected	102,162	-
Interest collected	1	-
Fees	(1,946)	-
Subsidies provided	(1,901)	(139)
<b>Closing interest-bearing liquidity</b>	<b>175,778</b>	<b>77,461</b>

## Relaunching SMEs

This measure deals with the new incentive promoted by the Italian government's Extraordinary Commissioner to support the restoration and restarting of damaged economic activities in Umbria, Marche, Abruzzo and Lazio, inherent to entrepreneurial initiatives in the following sectors: industry, crafts, processing of agricultural products, provision of services, tourism, farming, fishing and aquaculture.

	2022	2021
Liquidity as at 01/01	9,284	
Funds collected		9,512
<b>Umbria Region</b>		
Subsidies provided	(48)	(11)
<b>Marche Region</b>		
Subsidies provided	(561)	(163)
<b>Abruzzo Region</b>		
Subsidies provided	-	(30)
<b>Lazio Region</b>		
Subsidies provided	(30)	(24)
<b>Liquidity as at 31/12</b>	<b>8,646</b>	<b>9,284</b>

### Smart Money

Via Decree No. 34 of 19 May 2020, innovative start-ups were granted subsidies for the acquisition of services provided by incubators, accelerators, innovation hubs (a physical space where start-ups can present their projects), business angels (a figure that helps promising start-ups both financially and through technical assistance) and other public or private entities working to develop innovative businesses.

	2022	2021
Liquidity 01/01	9,025	-
Fund collection	-	9,025
Subsidies provided	(1,475)	-
Due to tax authorities	3	-
<b>Closing interest-bearing liquidity</b>	<b>7,553</b>	<b>9,025</b>

### Fashion Textiles

	2022	2021
Fund collection	4,800	-
Subsidies provided	(482)	-
Net annual banking fees	1	-
<b>Closing interest-bearing liquidity</b>	<b>4,319</b>	-

### Female Entrepreneurship

	2022	2021
Fund collection	16,000	-
Subsidies provided	-	-
Net annual banking fees	-	-
<b>Closing interest-bearing liquidity</b>	<b>16,000</b>	-

### Digital Export Bonus

	2022	2021
Fund collection	28,800	-
Subsidies provided	-	-
Net annual banking fees	-	-
<b>Closing interest-bearing liquidity</b>	<b>28,800</b>	-



### Digital Consumer Education

	2022	2021
Fund collection	1,500	-
Subsidies disbursed	(1,494)	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>6</b>	<b>-</b>

### Fairs Bonus

	2022	2021
Fund collection	33,490	-
Subsidies provided	-	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>33,490</b>	<b>-</b>

### Aluminium Call

	2022	2021
Fund collection	1,399	-
Subsidies provided	-	-
Net annual banking fees	-	-
<b>Liquidity as at 31/12</b>	<b>1,399</b>	<b>-</b>

### Single Fund Art. 27 par. 11 L.488/1999

The commitments to third parties relating to the management of the facilitation measures under Legislative Decree 185/2000 are set out below. Title I refers to measures in support of self-entrepreneurship and Title II to those in support of self-employment.

	2022	2021
Liquidity as at 01/01	318,414	297,540
Fund collection	30,896	32,650
Subsidies disbursed	268	615
Fees	2,552	11,154
Net annual banking fees	6	7
<b>Liquidity as at 31/12</b>	<b>346,484</b>	<b>318,414</b>

### Fertility project

The programme supports the development of entrepreneurial initiatives promoted by non-profit organisations.

	2022	2021
Liquidity as at 01/01	26	26
Subsidies to be disbursed	-	-
<b>Liquidity as at 31/12</b>	<b>26</b>	<b>26</b>

### Young Ideas Change Italy Project

The programme is aimed at enhancing the design and creative capacity of young people, targeting Italian citizens between 18 and 35 years of age. It is intended to fund the realisation of the best project ideas in the following four areas: technological innovation, social utility and civic commitment, sustainable development, management of urban and territorial services for the quality of life of young people.

	2022	2021
Liquidity as at 01/01	26	26
Subsidies to be disbursed	-	-
Transfer of Presidency of the Council of Ministers Funds	(26)	
<b>Liquidity as at 31/12</b>	<b>-</b>	<b>26</b>

### Community Funds

EU funds, the main instrument of the European Union's investment policy, aim to foster both economic and employment growth of member states and their regions as well as European territorial cooperation.

	2022	2021
Liquidity as at 01/01	425	425
Subsidies to be disbursed	-	-
<b>Liquidity as at 31/12</b>	<b>425</b>	<b>425</b>

### MATERA Law Decree 91-2017 art 7 par. 1-BIS

These are the resources transferred to the special account No. 6065 in the Agency's name, opened with the State Treasury for the intervention provided for by Law 208/2015 art. 1 par. 435 "Matera Capitale Europea della Cultura 2019" (Matera, European Capital of Culture 2019).

## Southern Italy Enterprises Fund

This is a fund established by Law 205/17 with the purpose of supporting the economic-productive structure of the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily, in support of the growth in size of small- and medium-sized enterprises with registered offices and production activities in the afore mentioned regions.

### Section 1 - Specific references on activities carried out

#### E - MERCHANT BANKING

##### E.1 – Table summarising Merchant Banking equity investments

	2022				2021			
	Original value	Total value adjustments and/or write-downs	Total write-backs and/or revaluations	Book value	Original value	Total value adjustments and/or write-downs	Total write-backs and/or revaluations	Book value
<b>Equity investments</b>								
<b>Merchant banking</b>								
- of which with L. 181/89 fund								
CMS SRL IN BANKRUPTCY	1,370	-	-	1,370	1,370	-	-	1,370
ELA SPA IN BANKRUPTCY	-	-	-	-	-	-	-	-
ELMIRAD SERVICE SRL	120	-	-	120	120	-	-	120
FONDERIE SPA IN BANKRUPTCY	0	-	-	-	-	-	-	0
GUSTAVO DE NEGRI & ZA.MA. SRL IN BANKRUPTCY	202	-	-	202	202	-	-	202
JONICA IMPIANTI SRL IN BANKRUPTCY	278	-	-	278	278	-	-	278
MODOMECC BUILDING SRL	0	-	-	0	0	-	-	0
PERITAS SRL	326	-	-	326	326	-	-	326
PRO.S.IT S.R.L.	499	-	-	499	499	-	-	499
SICALP SRL IN BANKRUPTCY	1,033	-	-	1,033	1,033	-	-	1,033
SIE-SOC. ITTICA EUROPEA IN SOLVENCY PROCEEDINGS	0	-	-	-	-	-	-	0
SIMPE SPA IN BANKRUPTCY	3,600	-	-	3,600	3,600	-	-	3,600
SURAL SPA	253	-	-	253	253	-	-	253
TEKLA SRL	653	-	-	653	653	-	-	653
<b>Total</b>	<b>8,334</b>	<b>-</b>	<b>-</b>	<b>8,334</b>	<b>8,334</b>	<b>-</b>	<b>-</b>	<b>8,334</b>

## Section 1 - Specific references on activities carried out

### E.2 - Information on equity investments

Company name	Original value	Total value adjustments	Total revaluations	Book value	Headquarters	Listed (Yes/No)	Stake %	Available votes %
<b>Investee companies</b>								
CMS SRL IN BANKRUPTCY	1,370	-	-	1,370	LATERZA (TA)	NO	19.22%	19.22%
ELA SPA IN BANKRUPTCY	-	-	-	-	NAPLES	NO	5.77%	5.77%
ELMIRAD SERVICE SRL	120	-	-	120	TARANTO	NO	12.40%	12.40%
FONDERIE SPA IN BANKRUPTCY	-	-	-	-	ROME	NO	1.73%	1.73%
GUSTAVO DE NEGRI & ZA.MA. SRL IN BANKRUPTCY	202	-	-	202	CASERTA	NO	20.20%	20.20%
JONICA IMPIANTI SRL IN BANKRUPTCY	278	-	-	278	LIZZANO (TA)	NO	8.70%	8.70%
PERITAS SRL	326	-	-	326	BRINDISI	NO	15.16%	15.16%
PRO.S.IT S.R.L.	499	-	-	499	NAPLES	NO	27.06%	27.06%
SICALP SRL IN BANKRUPTCY	1,033	-	-	1,033	CAMPIGLIA MARITTIMA	NO	36.36%	36.36%
SIE-EUROPEAN FISHERIES ASSOCIATION IN INSOLVENCY PROC.	-	-	-	-	ROME	NO	15.00%	15.00%
SIMPE SPA IN BANKRUPTCY	3,600	-	-	3,600	ACERRA (NA)	NO	4.01%	4.01%
SURAL SPA	253	-	-	253	TARANTO	NO	1.42%	1.42%
TEKLA SRL	653	-	-	653	SARNO (SA)	NO	26.33%	26.33%
	<b>8,334</b>	<b>-</b>	<b>-</b>	<b>8,334</b>				

## F. Operations with third-party funds

### F.1 - Nature of funds and type of use

	2022		2021	
	Public funds		Public funds	
		of which: at own risk		of which: at own risk
<b>1. Performing</b>				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	680,018	7,141	683,078	8,220
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Equity investments	1,459	-	1,459	-
. Guarantees and commitments	-	-	-	-
<b>2. Non-performing</b>				
<b>2.1 Non-performing loans</b>				
. Leasing loans	-	-	-	-
. factoring	-	-	-	-
. Other financing	86,808	-	86,833	-
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Equity investments	6,875	-	6,875	-
. Guarantees and commitments	-	-	-	-
<b>2.2 Unlikely to pay</b>				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	-	-
<i>of which: from the enforcement of guarantees and commitments</i>				
. Guarantees and commitments	-	-	-	-
<b>2.3 Non-performing Past Due positions</b>				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	-	-
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Guarantees and commitments	-	-	-	-
<b>Total</b>	<b>775,160</b>	<b>7,141</b>	<b>778,245</b>	<b>8,220</b>

## F.2 – Net and gross values of own risk assets

	Public Funds		Net value
	Gross value	Value Adjustments	
<b>1. Performing</b>			
. Leasing loans			
. Factoring			
. Other financing	7,927	(786)	7,141
. of which: from the enforcement of guarantees and commitments			
. Equity investments			
. Guarantees and commitments			
<b>2. Non-performing</b>			
<b>2.1 Non-performing loans</b>			
. Leasing loans			
. Factoring			
. Other financing			
. of which: from the enforcement of guarantees and commitments			
. Equity investments			
. Guarantees and commitments			
<b>2.2 Unlikely to pay</b>			
. Leasing loans			
. Factoring			
. Other financing			
. of which: from the enforcement of guarantees and commitments			
. Equity investments			
. Guarantees and commitments			
<b>2.3 Impaired Positions Past Due</b>			
. Leasing loans			
. Factoring			
. Other financing			
. of which: from the enforcement of guarantees and commitments			
. Equity investments			
. Guarantees and commitments			
<b>Total</b>	<b>7,927</b>	<b>(786)</b>	<b>7,141</b>

**Section 2 - Securitisation operations, disclosure of unconsolidated structured entities (other than securitisation vehicles) and asset sale transactions**
**A - Securitisation Transactions**

As at 31 December 2022, there were no securitisation operations originated with the objective of achieving the transfer of credit risk. However, in 2019, the subsidiary Mediocredito centrale - Banca del Mezzogiorno initiated two Tranché Cover transactions with a portfolio guarantee from the Central Guarantee Fund to cover initial losses, aimed at financing businesses and took on the role of investor in Basket Bond transactions to support the growth of SMEs in Southern Italy (Basket Bond Campania, Basket Bond Puglia), characterised by the presence of the Central Guarantee Fund to support initial losses. As at 31 December 2022, these operations did not involve the risk arising from securitisations as they were simple, standard transactions, in which the risk assumed and any mitigating guarantee were clear.

One of them constitute an investment transaction in a position towards securitisation<sup>3</sup> for € 41.1 M relating to the "Basket Bond Puglia" transaction, for which it should be noted that the risk profile of the underlying issuers is known from the origination stage (due diligence on the underlying issuers subject to credit investigation by the Bank). In relation to the above, therefore, it is considered that there is no risk that "the economic substance of the securitisation transaction is not fully reflected in the decisions concerning risk assessment and management ". Such operations are part of the operational methods identified by the Bank for the realisation of its mission to support the economy; therefore, the use of such instruments is expected to increase in the near future.

## C - Disposals

### C.1. Financial assets sold and not fully derecognised

This case did not apply to the Company.

## Information of a qualitative nature Information of a quantitative nature

### C.1.1 Financial assets sold and recognised in full and associated financial liabilities: book values

This case did not apply to the Company.

## Section 3 - Information on risks and related hedging policies

In relation to Invitalia's specific operations and related markets, the following risks were identified during the analysis phase:

- credit risk
- market risk
- operating risk
- concentration risk
- counter-party risk
- interest rate risk
- liquidity risk
- strategic risk
- reputation risk
- real estate risk

Analysed risks were classified into the following categories:

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<sup>3</sup> The transaction structured by Unicredit (originator and arranger) to finance minibonds issued by SMEs based in Puglia, with principal and interest guaranteed by Puglia Sviluppo through a portfolio guarantee on initial losses issued to the vehicle company (cash collateral) is configured as a position in which the securitisation operation itself has a significant net economic interest as it retains at least 5% of each minibond (risk retention). Pursuant to EU Regulation 575/2013 (CRR) and EU Regulation 2402/2017 ("Securitisation Framework"), the other "Basket Bond" operations outstanding as at 31 December 2021 lack the elements constituting a securitisation; therefore, the rules provided for credit risk (look-through approach) are applied to calculate the capital requirement.

- quantifiable risks (against which a prudential capital requirement and/or internal capital can be determined);
- assessable risks (for which no quantification is possible).

The risks listed above then underwent relevance analysis, excluding liquidity risk and real estate risk which were deemed irrelevant in relation to the current asset allocation and the scope of regulatory capital.

Quantifiable risks include credit risk, counterparty risk, market risk, operational risk, concentration risk and investment portfolio interest rate risk. Measurable risks include reputation risk and strategic risk.

Relevance analysis made it possible to define Invitalia's positioning in terms of potential exposure to the risks themselves.

At the end of this analysis, it was concluded that the levels of risk to which the Group is subjected with reference to the organisational supervision determined a low level of risk that could be monitored and improved with minor remedial actions.

### 3.1. CREDIT RISK

#### QUALITATIVE INFORMATION

##### 1. *General Aspects*

Credit risk has been defined by the Invitalia Group as the risk of incurring losses due to the unexpected deterioration of the creditworthiness of customers granted funding, also as a result of breach of contract. Credit risk is also related to the risk of incurring losses following the provision of services and/or consultancy work and the acquisition of equity investments not classified in the trading portfolio, due to counterparty default.

Lending activities are carried out as part of merchant banking operations and the management of subsidies or concession laws. The former hinges on Equity Investment intervention principles, where the repayment capacity and the size of the loan granted depends on the preliminary investigation that precedes the overall intervention.

Interventions using legal funds or within the framework of the management of concession laws do not, by their nature, have any financial or economic effects on the Parent Company, with the exception of certain lines of business of minor importance.

Moreover, with particular reference to Mediocredito Centrale and Cassa di Risparmio di Orvieto, the lines of development of lending activities and risk-taking strategies are defined by the company's top management and periodically submitted to the Board of Directors for approval, at the annual budget session and when reviewing risk policies and the associated system of limits. Lending decisions are based, in any case, on risk detection systems such as counterparty rating together with Probability of Default (PD) and Loss Given Default (LGD) and also take into account the need to ensure an adequate level of credit fractioning. Lending decisions are made on the basis of an expert-based approach combined with automated scoring/rating systems. Moreover, the analysis of the risk profile of counterparties and Connected Client Groups, sustainability and nature of the risks is also conducted in compliance with the recent principles expressed by the regulations on the subject, including the recent innovations introduced by the EBA "*Guidelines on Loan Origination and Monitoring* (EBA/GL/2020/06)" published on 29 May 2020 and in force from 30/06/2021. Risk is monitored on the main determinants of risk, identified through the system of limits, defined and articulated in a manner consistent with the actual evolution of



operations and subject to regular review, as set out in the Risk Management Process, contained within the Risk Control Function Regulations.

Mediocredito Centrale's main credit risk exposures are mainly pertaining to risk with banks, risk with customers (companies and other public and private entities, in accordance with the principle of prevalence) and other risks; as far as Cassa di Risparmio di Orvieto is concerned, loans are generally disbursed primarily to households (producers and consumers) and small- and medium-sized enterprises.

## 2. Credit risk management policies

### 2.1 Organisational Aspects

Overall, the structure of the delegated powers is inspired by the containment of the level of risk concentration, both in quantitative and sectoral economic terms. The granting of credit lines is carried out in compliance with the delegated powers resolved by the Board of Directors of the individual Group companies and attributed to the business units involved in the evaluation processes that precede the granting of credit.

### 2.2 Management, measurement and control systems

**Invitalia** is not subject to capital requirements for risk control.

With regard to Mediocredito Centrale and Cassa di Risparmio di Orvieto, within the context of the control and measurement of credit risk, Bank of Italy Circular No. 285 articulates the control activities as shown below:

- Level I controls;
- Level II controls;
- Level III controls.

The first-level controls in the credit area, consistent with the "Group's policy on monitoring performing and non-performing credit", are carried out by a specific Mediocredito Centrale credit risk management function - also assisted by strengthened coordination mechanisms and flows with the counterpart function of Cassa di Risparmio di Orvieto - which is responsible for intercepting any critical issues and for activating escalation mechanisms on the credit processes' owner functions in order to implement timely corrective actions for resolution.

Specifically, in addition to monitoring the performance of Large Exposures, of Shared Clients and of Connected Customer Groups, the above-mentioned function is responsible for first-level control activities on the granting and management process of Performing and Non-Performing loans and related guarantees, including:

- analyses to identify possible qualitative/quantitative deviations from credit granting policies;
- monitoring the proper and timely operational management of credit;
- monitoring the effectiveness of the process of classifying and granting Forbearance measures, including supervision of the credit assessment process;
- control of the activities relating to the management of guarantees and related intervention in owner functions for the purpose of maintaining and enhancing their value.

According to the new model adopted, if the owner of the Parent Company's monitoring activities function, during the execution of the first-level controls carried out on the credit exposures of the Mediocredito Centrale and Cassa di Risparmio di Orvieto portfolios, detects elements that do not comply with the defined logic, it may activate corrective actions, direct resolution interventions by the functions responsible for managing the cases identified from time to time, or directly carry out activities according to escalation criteria.

Also, the company figures who are in contact with customers (Relationship Managers or Customer Managers) and the company functions in charge of assessing the related credit, also with the support of IT tools used at all stages

of the relationship with the customer, oversee the stages of identification, measurement and operational monitoring of risks, both at the origination and subsequent management stages. In particular, reference is made to the rules deriving from credit policies, to rating systems and to all other information sources that make it possible to assess and monitor credit quality, both at the time of approval and subsequent monitoring and management. From a regulatory point of view, the estimate of capital absorption for credit risk is prepared using the standardised method provided for by the Prudential Supervisory Regulations, with reference both to the treatment of exposures and to any guarantees that accompany them.

Within the same framework, the Risk Control Function is entrusted with the task of carrying out, at central and peripheral level, the verification of the correct performance monitoring of individual exposures, in particular of non-performing exposures, and the assessment of the consistency of classifications, the adequacy of provisions and the adequacy of the recovery process.

In order to achieve this objective, regulations concerning these aspects were drafted and issued, specifically the 'Group Policy on Level II Controls on the Loan Portfolio' and the related Methodological Manuals, which outlined the Group framework for carrying out these activities.

In particular, the Policy describes the set of governance arrangements and management and control mechanisms adopted by Mediocredito Centrale and Cassa di Risparmio di Orvieto in order to allow the the Risk Control Function to properly perform Level II controls on the loan portfolio, both at central and peripheral level. The following are formally and organically set out in the Policy:

- roles and responsibilities of the Corporate Bodies and Functions involved in the process of Level II controls;
- general principles and criteria of Level II controls, i.e., the scope and nature of the controls;
- phases characterising the control process, including the escalation phase.

The scope of the control activities includes the exposures present in the loan portfolios of Mediocredito Centrale and Cassa di Risparmio di Orvieto, relating to the various customer segments and product types. Level II controls defined in the Policy on Level II Controls are carried out by the Risk Control Function of Mediocredito Centrale and Cassa di Risparmio di Orvieto and are divided into the following areas: controls on the granting phase, verification of the correct execution of performance monitoring, verification of the correct classification of exposures, controls on the management of guarantees, assessment of the adequacy of provisions, and assessment of the adequacy of the recovery process.

The purpose of Level II controls is to periodically ascertain that the monitoring of the performance of individual credit positions, especially impaired positions, takes place on a regular basis, in compliance with internal procedures, and that the procedures themselves are effective and reliable, with reference to the ability to promptly report the occurrence of anomalies as well as to ensure the appropriateness of value adjustments and the related write-offs. In addition, the controls carried out aim to ascertain that internal procedures are complied with and, at the same time, that they are suitable to guarantee efficient and effective credit management. This is also in order to contribute, over time, to the progressive increase in the degree of reliability of the procedures used and their ability to ensure the timely identification and classification of anomalous positions, as well as the correct estimation of the degree of coverage associated with them.

The macro-types of Level II controls, which make up the framework, are the following:

- Bulk analysis: controls applied to the loan portfolio as a whole or to relevant subsets thereof, which allow the detection of potential anomalies in the portfolio under analysis in terms of misclassification or provisioning deficits;
- analytical controls on a sample basis: analytical controls on individual credit exposures appropriately selected on a sample basis, conducted through specific assessments based on the overall information available on the individual exposure, the associated guarantees/collateral and the counterparty, including its current and prospective risk profile. In addition to the substantive verification phase concerning the consistency of the classification, the adequacy of the provisions and the adequacy of the credit recovery process, it is envisaged - for selected positions in the non-performing portfolio - to verify the presence of updated collateral values, the recording in the automatic procedures of all the information necessary for the valuation of the loans, the traceability of the recovery process, the estimates of recovery times and the discount rates used.

The results of the control activities carried out are shared with the owner functions in the credit area, as part of the dialogue process (feedback); the latter provides its own feedback on the matter. In the event of a discrepancy, an escalation process is set in motion to ensure resolution and to remedy any anomalies found during the control phase.

The results of the control activity, its follow-up and the escalation process are reported to the Board of Directors, the Managing Director, the Audit and Risk Committee and the Board of Auditors.

Credit risk monitoring activities include checking both compliance with the concentration limits set by the Bank of Italy ("Large Exposure" regulations<sup>4</sup> and "risk assets relative to associated parties"<sup>5</sup>), as well as the general guidelines established within the context of credit activity planning. With regard to concentration risk, the Group monitors the level of concentration in exposures with reference to the following components:

- single borrower (so-called 'single name'): through the method called Granularity Adjustment (GA) provided for by the prudential supervisory regulations<sup>6</sup>;
- geo-sectorial: through methods based on practices commonly adopted by the banking system and shared with the Supervisory Board.

In particular, the commercial and control structures monitor in detail, according to specific needs, branches and sectors of economic activity for which economic trends characterised by even only potential and/or temporary criticality have become apparent.

Mediocredito Centrale's risk control function periodically conducts targeted analyses aimed at monitoring the sectorial performance of Mediocredito Centrale and Cassa di Risparmio di Orvieto's loan portfolio, also from a forward-looking perspective, with the objective of intercepting potential areas of emerging riskiness using the sectorial composition of the portfolio as a driver, further broken down on the basis of information inferable from the scoring service, provided by an external provider, representative of prospective riskiness over a medium-term horizon (3 years). Moreover, as part of the Credit Policies, in accordance with the Large Exposure regulations, in compliance with parameters compatible with the business plan, the RAF and the maintenance of balanced and sustainable limits for capital size, internal exposure limits have been defined that are allowed depending on the rating of the counterparty, consistent with a strategy of growth in lending to selected customer sectors. The management of credit risk is carried out based on a forward-looking perspective, for the implementation of which, among other things, stress tests are used in order to assess vulnerability to exceptional but plausible events linked to specific hypotheses inherent to individual economic-financial variables (sensitivity analysis) or to movements in a combination of variables using adverse scenarios (scenario analysis). In this regard, the Group has a specific policy governing the definition of macroeconomic scenarios to support Risk Governance processes and, more generally, risk management processes.

In the design of macroeconomic scenarios under ordinary and adverse market conditions, the Bank can make use of forecasts formulated by recognised external sources, suitably integrated with internal assumptions to better capture the Bank's vulnerabilities (e.g., pertaining to its business model), in order to conduct stress tests consistent with the current market scenario and its possible evolutions.

Stress scenarios were developed in 2022, consistent with the instructions provided by the Bank of Italy in its specific communication regarding ICAAP and ILAAP compliance.

With reference to counterparty risk, within the scope of the standardised approach, the definition of credit equivalents is estimated using the current value method provided for by prudential supervisory regulations. In addition, with reference to derivative instruments, an additional capital requirement is calculated against the risk of unexpected losses generated by fluctuations in fair value arising from changes in the creditworthiness of the counterparties (Credit Value Adjustment - CVA), if not collateralised.

### **2.3 Expected loss measurement methods**

As regards the impairment model adopted by the Invitalia Group, with the exception of Mediocredito Centrale and Cassa di Risparmio di Orvieto, for the purposes of IFRS 9:

- methods were defined for measuring credit quality of positions in the portfolio of financial assets measured at amortised cost;

<sup>4</sup> Part Two, Chapter 10, Bank of Italy Circular 285/2013 and Articles 387 et seq. of EU Regulation 575/2013.

<sup>5</sup> Part Two, Chapter 10, Bank of Italy Circular 285/2013 and Articles 387 et seq. of EU Regulation 575/2013.

<sup>6</sup> Circular 285 of the Bank of Italy Part One - TITLE III - Chapter 1 - Annex B.

- parameters for determining the credit risk increase were established for the purpose of correctly allocating performing exposures to either stage 1 or stage 2.  
With respect to the logic of classifying exposures within stage 3, "impaired/default" exposures, IFRS 9 does not provide a definition of the term "default" but requires each entity to provide its own definition. Each entity must, therefore, have a definition of default that is consistent with its own context both in terms of types of assets and its own risk management practices. In light of these regulatory requirements, positions for which legal recovery actions have commenced are considered in default;
- models were developed to be used for both stage allocation and the calculation of the one-year (to be applied to stage 1 exposures) and lifetime (to be applied to stage 2 and stage 3 exposures) expected credit loss (ECL).

Given the lack of internal post-default loss rates, the assignment of Loss Given Default (LGD) to individual positions is made using regulatory or benchmark-derived values, considered on a flat basis for the entire duration of the loan and updated as appropriate, assessing the appropriateness of using prudential margins.

For On Balance positions, Invitalia uses the cash flows resulting from the actual amortisation plans of the loans to determine Exposure at Default. In particular, for the first year (stage 1 and stage 2 positions), the respective balance sheet value of the relationship is considered, while for subsequent years (stage 2), the residual debt associated with the capital portion of the exposure is considered, as per the IAS plan.

The parameters used for "stage allocation" are indicated in the "Impairment" paragraph of Section "A.2 Main Financial Statement Items". Note, however, that there was no increase in credit risk in the Company's credit portfolio due to substantially public nature of the counterparties as of the financial statements' reporting date.

Probability of Default (PD) is determined as follows:

- for past due positions, a PD of one year applies, assuming the claims are due within the following year;
- for invoices to be issued, a risk exposure horizon of 2 years is considered, so cumulative PD at 2Y is applied;
- for intra-group relations, the PD of the Parent Company's institutional sector (public administrations) is applied.

These criteria and their thresholds are defined at initial application and updated at least annually.

The following stage allocation criteria are applied to the securities portfolio, consistent with the requirements and provisions of the Standard:

- Low Credit Risk Exemption (LCRE) based on the rating of the tranche of the security at the reporting date;
- significant impairment rule based on verification of the change in the rating of the tranche of the security between the date of origination and the reporting date.

The significant impairment triggering a stage 2 classification is identified by impairment by at least 2 notches on the rating scale. If an objective credit event occurs, the exposure is classified as stage 3. If there is no significant impairment of the position, the exposure is classified as stage 1.

However, classification and transfer comply with a symmetric and relative model. At each reporting date, in fact, positions are reclassified among stages, both upwards and downwards, as the conditions that had determined the previous allocation change.

Lacking information available for the determination of significant impairment or low credit risk, the position must be classified as stage 2. The ratings, provided by an info provider, are updated punctually at each reporting date.

The assessment of financial assets, whether performing or stage 3, also reflects the best estimate of the effects of future conditions, first and foremost those associated with the economic environment, on the basis of which forward-looking PDs and LGDs are estimated.

From a methodological point of view, Invitalia has to measure the impairment of a financial instrument on the basis of:

- a 12-month Expected Credit Loss (ECL) in the case of stage 1 classification;
- a Lifetime Expected Credit Loss (LECL), in the case of stage 2 classification.

The impaired portfolio is classified as stage 3 and valued using a Lifetime Impairment methodology.

With regard to Mediocredito Centrale and Cassa di Risparmio di Orvieto, following the introduction of IFRS 9, credit risk management is closely related to the recognition and measurement of expected losses.

According to the accounting standard, assets and losses that fall within a well-defined scope<sup>7</sup> are divided into three stages. This classification is based on transfer criteria linked to the credit quality of the item in question, which affect the way in which value adjustments are recognised, differentiated with respect to the reference time horizon and the recognition of interest income. The Group has therefore implemented instruments that, in line with the dictates of the afore mentioned principle, allow it to automatically assess any significant increase in credit risk. These instruments are differentiated with respect to the reference portfolio.

With regard to the securities portfolio, Mediocredito Centrale and Cassa di Risparmio di Orvieto use the following measurement methods:

- for securities with an investment grade rating at the reporting date, the low credit risk exemption (LCRE)<sup>8</sup> is applied;
- for securities with a speculative rating at the reporting date, the trend in the counterparty's creditworthiness between the purchase/subscription date and the reporting date, as measured by the change in rating class, is considered. Any significant impairment triggering a stage 2 classification is identified by a decrease by at least 2 notches in the rating scale. If a credit event actually occurs, the exposure is classified as a stage 3 exposure. If there is no significant impairment of the position, the exposure is classified as a stage 1 exposure.

For the loan portfolio, these instruments use:

- information from the scoring models, comparing the ratings obtained at the date of origination of the position with periodic updates;
- information on payment trends (exceeding 30 days overdue);
- the presence of forbearance measures on performing positions;
- information from internal early warning systems (presence of the customer on the watchlist).

The information the Group uses to recognise expected losses on loans classified as stage 1 or stage 2 are detailed as follows:

- probability of default (PD) of the client, obtained from an external rating model; this information is subject to the adjustments dictated by the accounting standard, namely:

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<sup>7</sup> The scope of interest of IFRS9 is as follows:

1. financial assets classified in the Hold to Collect portfolio and measured at amortised cost;
2. financial assets classified in the Hold to Collect and Sell portfolio and measured at Fair Value through OCI;
3. reliance commitments (no if at Fair Value Through P&L);
4. guarantees (no if at Fair Value Through P&L);
5. trade receivables.

<sup>8</sup> In application of the Low Credit Risk Exemption (LCRE), the following requirements of the Standard as representative of low credit risk may be assigned to stage 1 at the reporting date, without the need to verify the significant deterioration of creditworthiness:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its obligations in the short term;
3. any unfavourable changes in economic conditions in the medium/long term will not necessarily reduce the debtor's ability to perform.

- a *point-in-time* (PIT) adjustment, which, prudentially and given the volatility of default rates observed on the loan portfolio, consists in recalibrating on the basis of the average deterioration rate observed on the proprietary portfolio;
  - a forward-looking correction on the first three years of the curve according to the Merton-Vasicek method, which takes as input forward-looking default rate data calculated using proprietary satellite models;
  - after the first three years, a through-the-cycle<sup>9</sup> calibration with a Markovian approach using a TTC matrix calculated from the historical transition matrices provided by the provider itself.
- Loss Given Default (LGD), obtained using observed values on its portfolio. These values are appropriately updated using, where necessary, conservative margins and segmentation based on the type of collateral associated with the loan;
  - Exposure At Default (EAD), differentiating between on and off balance sheet positions;
  - residual life of the relationship;
  - discount rate equal to the position's internal rate of return.

For the purposes of quantifying the ECL to be applied to the loan portfolio acquired as part of the business combine with Cassa di Risparmio di Orvieto, Mediocredito Centrale considered it reasonable and prudent to maintain the staging allocation inferred from the management archives of BPB and CRO, as the allocation of ad hoc staging for the consolidated financial statements alone would have required undue cost or effort, as explicitly provided for by IFRS 9.

Impaired loans resulting from business combines are qualified as POCI; for these loans, a credit-adjusted effective interest rate is calculated at the date of initial recognition, for the identification of which it is necessary to include initial expected losses in the cash flow estimates. For the application of amortised cost, and the consequent calculation of interest, this credit-adjusted effective interest rate is therefore applied.

### **Changes due to Covid-19**

In 2022, in consideration of the changed context of reference that saw the gradual waning of the emergency linked to COVID-19 and the disappearance of the government support measures linked to it, Mediocredito Centrale and Cassa di Risparmio di Orvieto did not introduce any further pandemic-related changes.

### ***Evaluation of Significant Increase in Credit Risk (SICR)***

The assessment of a significant increase in credit risk is made, as indicated by IFRS 9, through qualitative-quantitative assessments such as to determine a heightening of the probability of default by the counterparty. In this regard, in 2022, Mediocredito Centrale and Cassa di Risparmio di Orvieto standardised the method for determining the significant increase in credit risk. This update, combined, as also indicated in the preceding paragraphs, with the use of the most recent macroeconomic scenarios and the discontinuation of the COVID scenarios, which led to a reduction in lifetime PDs compared to 2021, resulted in a progressive reduction in the population classified as stage 2.

### **Measuring expected losses**

In 2022, Mediocredito Centrale and Cassa di Risparmio di Orvieto, with a view to the continuous harmonisation of methodologies, conducted an update of the IFRS 9 framework and of the measurements related to credit risk, which were reflected in the measurement of expected losses. In particular, they have:

- updated and standardised the proprietary satellite models that are used to estimate forward-looking default rates;
- recalibrated default probabilities to better reflect the riskiness of its portfolio and the changed macroeconomic environment. In particular, a shift was made from using the Merton Vasicek method for the first 3 years and using Markovian chains from the 4th year onwards;
- updated the loss given default values using the most recently available internal time series;
- standardised the logic of determining stage allocation (SICR).

<sup>9</sup> Using a hybrid Markovian approach.

In addition to the methodological changes, the Group also updated the macroeconomic scenarios, also in consideration of the prolonged geopolitical tension arising from the Russia/Ukraine crisis, used to calculate expected losses, replacing those still in use until 2021 based on the significantly worse scenarios of COVID-19 - retained for reasons of prudence - taking into account the uncertainty of the financial macroeconomic context.

Based on the updates listed above, Mediocredito Centrale and Cassa di Risparmio di Orvieto carried out an analysis in the fourth quarter of 2022 aimed at assessing the impact, in terms of hedges on the performing portfolio, of these updates. Moreover, in response to the outbreak of the conflict between Russia and Ukraine, an assessment of the potential impacts on banks' loan portfolios was carried out, defining a methodological approach which, in consideration of the protracted nature of the conflict and the trend of the economic situation, led to the adoption of measures aimed at a proactive management of potential risks, which also included interventions on the determination of provisioning.

The interventions under review, which resulted from a significant single-name assessment activity conducted on a perimeter of counterparties initially identified on the basis of massive intercept criteria and selected on the basis of objective criteria (ticket, risk type, counterparty positioning, commodity sector, etc.), allowed to more precisely direct the process for intercepting the area of counterparties potentially at risk.

In particular, sensitivity analysis activities were conducted, using simulative tools aimed at verifying the resilience of companies' economic/financial conditions in the presence of an adverse economic scenario. For those potentially positioned in the highest risk bands, ad hoc actions were taken, namely:

1. targeted management interventions were envisaged, including inclusion on monitoring lists for proactive risk management;
2. management overlay was applied for the purpose of determining provisioning as at 31.12.2022, correlating it to lifetime ECL levels regardless of staging allocation.

## **2.4 Credit risk mitigation techniques**

An essential component of the proper control of credit risk is the adequate use of credit risk mitigation techniques and instruments, both in the acquisition phase and in the subsequent phase of monitoring the value and effectiveness of guarantees.

Mediocredito Centrale and Cassa di Risparmio di Orvieto have set out in their Guarantee Management Policy the principles and guidelines of the governance system to support the appropriate use of guarantees and credit risk mitigation techniques for Credit Risk Mitigation (CRM) purposes. These guidelines are supplemented by internal procedures supported by appropriate IT tools, aimed at ensuring the methods for evaluating, managing and monitoring the guarantees acquired, as well as their eligibility as credit risk mitigation instruments and the related capital absorption. These elements oversee the overall process of granting, acquiring and perfecting, monitoring, managing and changing, realising and extinguishing guarantees in accordance also with the overall regulatory framework governed by the regulations issued by the Supervisory Authority.

Mediocredito Centrale and Cassa di Risparmio di Orvieto acquire the types of real, personal and "atypical" guarantees recognised in the guidelines and follow the provisions issued in line with the sector regulations issued by the ABI, the Bank of Italy, the European Commission and the EBA, including the guidelines set out in the "Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06)".

The guarantees acquired are designed to support the credit and in no way replace the debtor's ability to honour its obligations. The legal validity of the guarantees received is verified at the time of their acquisition by the operating units, which are responsible, prior to disbursement, for verifying their certainty and effectiveness; the temporal validity of the guarantees acquired normally covers the entire time span of the credit granted.

As regards the phase of verifying the eligibility of guarantees, Mediocredito Centrale and Cassa di Risparmio di Orvieto periodically check:

- the statistical revaluation of the value of mortgaged properties for all those contracts for which Regulation 575/2013 allows the use of this type of valuation. For this purpose, it makes use of a database on real estate market trends by geographic area and property type acquired from an external provider;
- the general and specific eligibility of credit risk mitigation instruments.

The internal guidelines pursue the following objectives:

- to promote the proper management of credit and the related guarantees;
- to maximise the effect of risk mitigation provided by protective instruments;

- to optimise capital requirements according to the Basel guidelines (Credit Risk Mitigation);
- to define general rules for the eligibility, evaluation, monitoring and management of collateral and personal guarantees.

## 2.5 Impaired credit exposures

Credit risk management is governed by procedures that establish rules of conduct on the subject. In particular, in the pre-litigation phase, the activity is carried out by the administrative department in concert with the department in charge of monitoring the position; subsequently, credit recovery is delegated to the legal department. With respect to the classification of credit exposures into "impaired/default" exposures, Invitalia considers as defaulting positions those for which legal recovery actions have begun.

Forecasts of specific losses are formulated by the administrative department, based on information on recoverability conditions provided by the operating and/or legal department using a *Lifetime Impairment* method.

On 26 April 2019, EU Regulation 630/2019 came into force, which obliges banks to record provisioning for non-performing exposures, referring to disbursements arising after 26 April 2019, using calendar provisioning that takes into account the ageing and type of exposures, providing for a differentiated calendar depending on whether the transaction is secured or unsecured. More specifically, a three-year calendar is applied for unsecured non-performing exposures, and a longer calendar is applied for secured exposures: nine years for those secured by real estate and seven years for other types of guarantee. The calendar mechanism provides for the full write-down of non-performing loans according to pre-defined timelines. It aims to ensure that NPLs do not accumulate on bank balance sheets without adequate value adjustments.

Calendar provisioning introduces a binding Pillar I requirement for all banks. This regulation, although it is regulatory in nature and has no accounting value, represents an important point of reference for the determination of value adjustments. Mediocredito Centrale and Cassa di Risparmio di Orvieto adjusted their application procedures to ensure compliance with the new regulatory provisions on loan provisioning. The set of information indicating the regulatory minimum requirement are, therefore, made available to provide additional elements for the determination of accounting write-downs.

### Acquired or originated impaired financial assets

Under IFRS 9, 'impaired financial assets acquired or originated' – known as 'POCI' - are defined as exposures that are impaired at the date of purchase or at the date they are originated. In particular, an exposure is identified as 'POCI' as a result of the purchase of an impaired loan from a third party, or subsequent to:

- the "derecognition" of a previous relationship to which substantial contractual changes have been made (see IFRS 9, par. B5.5.26). In this case, because there is evidence that the modified financial asset is impaired at initial recognition, the new financial asset is recognised as an originated impaired financial asset (POCI), unless the instrument fails the SPPI test;
- the provision of new loans to counterparties with a high credit risk profile, not aimed at maximising recovery value.

POCI loans are therefore initially recognised in stage 3 and show peculiarities with regard to the staging process and the consequent calculation of the expected loss. From the date of initial recognition and for the entire residual life of the instruments in question, the impairment is always equal to the expected credit loss on a lifetime basis. It follows, therefore, that the expected losses on the POCI, even in the event of its return to performing exposure status, can never be calculated over a time horizon of 12 months (as envisaged for stage 1 positions).

By virtue of the provisions of IFRS 9, all of Cassa di Risparmio di Orvieto's loans that, at the date of the acquisition of control by Mediocredito Centrale, were classified in stage 3, were considered 'POCI'.

## 4. Financial assets subject to trade renegotiations and exposures subject to concessions

According to the EBA's ITS (Implementing Technical Standard), a concession is defined as a 'measure of forbearance' granted by a bank to a debtor that is, or is about to be, in difficulty in meeting its financial commitments<sup>10</sup>.



An exposure to which the bank has applied a forbearance measure must be classified either as exposures subject to impaired concessions or as other exposures subject to concessions regardless of whether the concession results in a loss for the bank. One of the following forbearance measures is considered a concession:

- a modification of the contractual terms and conditions with which the debtor would not be able to comply, in whole or in part, in view of the financial difficulties in which it finds itself, which is aimed at pursuing the interest of making the debt more sustainable for the debtor and which would not have been granted if the debtor had not found itself in financial difficulties;
- full or partial refinancing of a problematic loan, which would not have been granted if the debtor was not in financial difficulties.

Evidence of concession is considered:

- a change in the contractual terms favourable to the debtor (concession in absolute terms);
- a change in the contractual terms which results in the application to the borrower of terms and conditions more favourable than those which the bank applies to customers with the same risk profile as the borrower (concession in relative terms);
- the exercise of contractual clauses the application of which is left to the debtor's discretion in the event that the bank approves the exercise of such clauses or finds that the debtor is in financial difficulties.

Therefore, in the case of renegotiations with a commercial value, which do not fall within the scope of this paragraph, the assessments take into account the cost-effectiveness of the actions required and the decisions made never entail a change in the "status" of the position. The rescheduling of debts motivated by current or prospective financial difficulties of customers, which fall within the scope of this paragraph, are based on the verification of the sustainability of the commitments with respect to the cash flows received and expected. This assessment is carried out through an ordinary preliminary and deliberative process. Any forbearance measures adopted are incorporated within the corporate systems and are monitored over time by the relevant structures, in compliance with the reference regulations. Any changes to be made to the classification of relationships benefiting from forbearance measures are expressly governed by internal regulations on the classification of receivables.

## QUANTITATIVE INFORMATION

### 1. Breakdown of financial assets by associated portfolio and credit quality (book values)

Portfolio/quality	Non-performing loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	97,337	30,200	2,550	111,853	5,333,723	5,575,663
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	1,178,814	1,178,814
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	159,360	159,360
5. Financial assets held for sale	-	-	-	-	84,590	84,590
<b>Total at 31/12/2022</b>	<b>97,337</b>	<b>30,200</b>	<b>2,550</b>	<b>111,853</b>	<b>6,756,487</b>	<b>6,998,427</b>
<b>Total at 31/12/2021</b>	<b>81,055</b>	<b>13,575</b>	<b>493</b>	<b>710,432</b>	<b>3,974,858</b>	<b>4,780,413</b>

<sup>10</sup> European Banking Authority, EBA FINAL draft Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures under Article 99(4) of Regulation (EU) No 575/2013.

## 2. Breakdown of financial assets by associated portfolio and credit quality (gross and net values)

Portfolios/quality	Performing			NON-PERFORMING			Total (net exposure)
	Gross exposure	Total write-downs	Net exposure	Gross exposure	Total write-downs	Net exposure	
1. Financial assets measured at amortised cost	352,261	222,174	130,087	5,621,189	175,613	5,445,576	5,575,663
2. Financial assets measured at fair value through other comprehensive income	-	-	-	1,179,752	938	1,178,814	1,178,814
3. Financial assets designated at fair value	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	159,360	159,360
5. Financial assets held for sale	-	-	-	-	-	84,590	84,590
<b>Total at 31/12/2022</b>	<b>352,261</b>	<b>222,174</b>	<b>130,087</b>	<b>6,800,941</b>	<b>176,551</b>	<b>6,868,340</b>	<b>6,998,427</b>
<b>Total at 31/12/2021</b>	<b>255,569</b>	<b>160,446</b>	<b>95,123</b>	<b>5,753,613</b>	<b>68,323</b>	<b>4,685,290</b>	<b>4,780,413</b>

## 3. Breakdown of financial assets by maturity (book values)

Portfolios/risk stages	First stage			Second stage			Third stage			Acquired or Originated impaired		
	From 1 day to 30 days	More than 30 days up to 90 days	Over 90 days	From 1 day to 30 days	More than 30 days up to 90 days	Over 90 days	From 1 day to 30 days	More than 30 days up to 90 days	Over 90 days	From 1 day to 30 days	More than 30 days up to 90 days	Beyond 90 days
1. Financial assets measured at amortised cost	498,267	-	4,056,556	694,967	105,429	90,357	2,854	5,348	108,849	-	-	13,037
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total at 31/12/2022</b>	<b>498,267</b>	<b>-</b>	<b>4,056,556</b>	<b>694,967</b>	<b>105,429</b>	<b>90,357</b>	<b>2,854</b>	<b>5,348</b>	<b>108,849</b>	<b>-</b>	<b>-</b>	<b>13,037</b>
<b>Total at 1/12/2021</b>	<b>2,812,979</b>	<b>381</b>	<b>16,215</b>	<b>365,991</b>	<b>3,087</b>	<b>312,863</b>	<b>18,265</b>	<b>702</b>	<b>76,154</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4. Financial Assets, Commitments to Disburse Funds and Financial Guarantees Given: Trend of Total Value Adjustments and Total Provisioning

Cause/ Risk stages	Overall write-downs												Total provisioning for commitments to disburse funds and financial guarantees given			Total	
	First stage assets				Second stage assets				Third stage assets				First stage	Second stage	Third stage		
	On demand receivables from banks and central banks	Financial assets measured at fair value through comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	On demand receivables from banks and central banks	Financial assets measured at amortised cost	Financial assets measured at fair value through comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	of which: individual impairment					of which: collective impairment
<b>Opening balance</b>	41	20.453	1.088		21.582	35.997	35.997	180.218		180.218		180.218		405	3.671	2	240.646
Increases in financial assets acquired or originated	10	455			465	489	489	218		218		218,00					1.162,00
Reversals other than write-offs	(3)	(81)			(84)	(98)	(98)	(30.940)		(30.940)		(30.940)					(31.119)
Net losses/recoveries for credit risks associated with:	(23)	8.283	(156)		8.104	(7.048)	(7.048)	15.129		15.129		15.129		938	(1.550)		15.752
Contractual changes without derecognition						-	-										
Changes in assessment methods					-	-	-										-
Write-offs					-	-	-	(2.761)		(2.761)		(2.761)					(2.761)
Other changes					-	-	-										
<b>Closing balance</b>	25	29.110	932	-	30.067	29.240	29.240	161.864		161.864		161.864		1.343	2.121	2	223.680
Recoveries from financial assets subjected to write-offs					-			312				312					312
Write-offs not recognised directly in Income Statement					-			(3.618)				(3.618)					(3.618)

6. Credit exposures with customers, banks and financial companies

#### 6.1 On and off-balance sheet credit exposures with banks and financial companies: gross and net values

Types of exposures/Amounts	Gross exposure		Total value adjustments and total provisioning	Net exposure	Total partial write-offs*
	Non-performing	Performing			
<b>A. On-balance exposures</b>					
a) Non-performing loans	849	-	594	255	-
- of which: forborne exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
c) Non-performing past due positions	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
d) Performing past due positions	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	1,391,773	7,951	1,383,822	-
- of which: forborne exposures	-	-	-	-	-
<b>Total (A)</b>	<b>849</b>	<b>1,391,773</b>	<b>8,545</b>	<b>1,384,077</b>	<b>-</b>
<b>B. Off-balance credit</b>					
a) Non-performing	-	-	-	-	-
b) Performing	-	145,690	-	145,690	-
<b>Total (B)</b>	<b>-</b>	<b>145,690</b>	<b>-</b>	<b>145,690</b>	<b>-</b>
<b>Total (A+B)</b>	<b>849</b>	<b>1,537,464</b>	<b>8,545</b>	<b>1,529,768</b>	<b>-</b>

#### 6.4 On-balance and off-balance credit exposures with customers: gross and net values

Exposure types/values	Gross exposure		Total write-backs and provisions	Net exposure	Overall partial write-offs
	Non-performing	Performing			
<b>A. On-balance credit exposures</b>					
a) Non-performing loans	293,904	-	196,822	97,082	3,611
- of which: forborne exposures	17,925	-	11,987	5,938	-
b) Unlikely to pay	54,200	-	24,000	30,200	657
- of which: forborne exposures	33,040	-	15,183	17,857	657
c) Non-performing past due exposures	3,308	-	758	2,550	-
- of which: forborne exposures	675	-	126	549	-
d) Performing past due exposures	-	114,609	2,756	111,853	-
- of which: forborne exposures	-	1,476	65	1,411	-
e) Other performing exposures	-	4,114,806	164,906	3,949,900	-
<b>Total (A)</b>	<b>351,412</b>	<b>4,229,415</b>	<b>389,242</b>	<b>4,191,585</b>	<b>4,268</b>
<b>B. Off-balance credit exposures</b>					
a) Non-performing	1,046	-	2	1,044	-
b) Performing	-	575,718	1,974	573,744	-
<b>Total (B)</b>	<b>352,458</b>	<b>4,805,133</b>	<b>391,218</b>	<b>4,766,373</b>	<b>-</b>
<b>Total (A+B)</b>	<b>351,118</b>	<b>6,234,955</b>	<b>287,832</b>	<b>6,298,241</b>	<b>4,268</b>

#### 6.4a Loans supported by Covid-19 measures: Gross and Net Values

Causes/Categories	Non-performing loans	Unlikely to pay	Non-performing past due exposures
<b>A. Opening gross exposure</b>	<b>220,426</b>	<b>34,548</b>	<b>595</b>
- of which: exposures transferred not derecognised	-	-	-
<b>B. Increases</b>	<b>76,814</b>	<b>80,765</b>	<b>10,956</b>
B.1 Transfers from performing exposures	5,265	24,330	7,749
B.2 Transfers from impaired financial assets acquired or originated	-	-	-
B.3 Transfers from other non-performing exposure categories	11,752	5,110	81
B.4 Contractual changes without derecognition	-	-	-
B.5 Other increases	59,797	51,325	3,126
<b>C. Decreases</b>	<b>12,087</b>	<b>52,362</b>	<b>8,243</b>
C.1 Transfers to performing exposures	7	4,634	1,967
C.2 write-offs	5,123	6,085	2
C.3 collections	3,910	15,918	722
C.4 Sale proceeds	198	2,631	-
C.5 Sale losses	1,013	-	-
C.6 Transfers to other non-performing exposure categories	-	11,621	5,322
C.7 Contractual changes without derecognition	-	-	-
C.8 Other decreases	1,836	11,473	230
<b>D. Closing gross exposure</b>	<b>285,153</b>	<b>62,951</b>	<b>3,308</b>
- of which: exposures transferred but not derecognised	164	4,406	268

### 6.5 Credit exposures with customers: trend in gross non-performing exposures

Causes/Categories	Non-performing loans	Unlikely to pay	Non-performing past due exposures
<b>A. Opening gross exposure</b>	<b>220,426</b>	<b>34,548</b>	<b>595</b>
- of which: exposures transferred not derecognised	-	-	-
<b>B. Increases</b>	<b>85,565</b>	<b>80,765</b>	<b>10,956</b>
B.1 Transfers from performing exposures	5,265	24,330	7,749
B.2 Transfers from acquired or originated non-performing financial assets	-	-	-
B.3 Transfers from other non-performing exposure categories	11,752	5,110	81
B.4 Contractual changes without derecognition	-	-	-
B.5 Other increases	68,548	51,325	3,126
<b>C. Decreases</b>	<b>12,087</b>	<b>61,113</b>	<b>8,243</b>
C.1 Transfers to performing exposures	7	4,634	1,967
C.2 Write-offs	5,123	6,085	2
C.3 Collections	3,910	15,918	722
C.4 Sale proceeds	198	2,631	-
C.5 Sale losses	1,013	-	-
C.6 Transfers to other non-performing exposure categories	-	11,621	5,322
C.7 Contractual changes without derecognition	-	-	-
C.8 Other decreases	1,836	20,224	230
<b>D. Closing gross exposure</b>	<b>293,904</b>	<b>54,200</b>	<b>3,308</b>
- of which: exposures transferred not derecognised	<b>164</b>	<b>4,406</b>	<b>268</b>

### 6.5bis On-balance-sheet credit exposures with customers: changes in gross forborne exposures broken down by credit quality

Causes/Categories	Forborne exposures: non-performing	Other forborne exposures
<b>A. Opening gross exposure</b>	<b>27,645</b>	<b>59,611</b>
- of which: exposures transferred not derecognised	-	-
<b>B. Increases</b>	<b>7,408</b>	<b>22,945</b>
B.1 transfers from performing loans not forborne	430	20,716
B.2 transfers from performing loans forborne	845	-
B.3 transfers from forborne exposures	-	1,334
B.4 transfers from non-performing loans not forborne	5,104	-
B.5 Other increases	1,029	895
<b>C. Decreases</b>	<b>19,423</b>	<b>21,741</b>
C.1 transfers to performing loans not forborne	-	7,358
C.2 transfers to performing loans forborne	1,334	-
C.3 transfers to forborne exposures	-	845
C.4 Write-offs	3,408	-
C.3 Collections	3,307	12,719
C.4 Sale proceeds	2,631	-
C.5 Sale losses	-	-
C.8 Other decreases	8,743	819
<b>D. Closing gross exposure</b>	<b>15,630</b>	<b>60,815</b>
- of which: exposures transferred not derecognised		

## 6.6 Non-performing on-balance credit exposures with customers: trend of overall write-downs

Causes/Categories	Non-performing loans		Unlikely to pay		Non-performing past due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
<b>A. Opening write-downs</b>	<b>139,371</b>	<b>2,002</b>	<b>20,973</b>	<b>15,896</b>	<b>102</b>	<b>11</b>
- of which: sold not derecognised exposures	-	-	-	-	-	-
<b>B. Increases</b>	<b>92,571</b>	<b>10,364</b>	<b>31,915</b>	<b>17,689</b>	<b>1,328</b>	<b>362</b>
B.1 Write-downs of impaired assets acquired or originated	-	-	-	-	-	-
B.2 Other write-downs	12,890	4,526	11,894	3,876	754	179
B.3 Sale losses	-	-	-	-	-	-
B.4 Transfers from other non-performing exposure categories	2,920	1,332	323	135	46	42
B.5 Contractual changes without derecognition	-	-	-	-	-	-
B.6 Other increases	76,761	4,506	19,698	13,678	528	141
<b>C. Decreases</b>	<b>35,120</b>	<b>379</b>	<b>28,888</b>	<b>18,402</b>	<b>672</b>	<b>247</b>
C.1 Write-backs from valuation	1,181	238	4,182	2,148	266	97
C.2 Write-backs from collections	931	52	3,506	2,893	55	11
C.3 Sale gains	54	-	23	23	-	-
C.4 Write-offs	3,575	89	6,083	3,373	-	-
C.5 Transfers to other non-performing exposure categories	-	-	2,937	1,370	351	139
C.6 Contractual changes without derecognition	29,379	-	-	-	-	-
C.7 Other decreases	-	-	12,157	8,595	-	-
<b>D. Closing write-downs</b>	<b>196,822</b>	<b>11,987</b>	<b>24,000</b>	<b>15,183</b>	<b>758</b>	<b>126</b>
- of which: sold not derecognised exposures	102	-	1,497	930	40	2

## 7.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating classes (gross values)

Exposures	External rating class						No rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
<b>A. Financial assets measured at amortised cost</b>	<b>190</b>	<b>-</b>	<b>85,396</b>	<b>15,183</b>	<b>-</b>	<b>-</b>	<b>2,544,741</b>	<b>2,645,510</b>
- First stage	190	-	85,396	15,183	-	-	2,500,590	2,601,359
- Second stage	-	-	-	-	-	-	232,329	232,329
- Third stage	-	-	-	-	-	-	(188,178)	(188,178)
- Non-performing acquired or originated	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>202,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,320</b>
- First stage	-	-	202,320	-	-	-	-	202,320
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Non-performing acquired or originated	-	-	-	-	-	-	-	-
<b>C. Financial assets held for sale</b>	<b>-</b>	<b>-</b>	<b>965,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,334</b>	<b>993,272</b>
- First stage	-	-	965,938	-	-	-	27,334	993,272
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Non-performing acquired or originated	-	-	-	-	-	-	-	-

<b>Total (A+B+C)</b>	<b>190</b>	<b>-</b>	<b>1,253,654</b>	<b>15,183</b>	<b>-</b>	<b>-</b>	<b>2,572,075</b>	<b>3,841,102</b>
<b>D. Commitments to Disburse Funds and Financial Guarantees Issued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,037</b>	<b>1,888</b>	<b>-</b>	<b>163,201</b>	<b>221,126</b>
- First stage				56,000			149,351	205,351
- Second stage				37	1,888		13,850	15,775
- Third stage								
- Non-performing acquired or originated								
<b>Total (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,037</b>	<b>1,888</b>	<b>-</b>	<b>163,201</b>	<b>221,126</b>
<b>Total (A+B+C+D)</b>	<b>190</b>	<b>-</b>	<b>1,253,654</b>	<b>71,220</b>	<b>1,888</b>	<b>-</b>	<b>2,735,276</b>	<b>4,062,228</b>

The table shows, for Mediocredito Centrale, the breakdown of cash and off-balance exposures of externally rated counterparties. The breakdown shown refers to Standard & Poor's rating classes, to which the ratings assigned by other agencies (Moody's and Fitch) are also linked.

The ratio of externally rated exposures to total exposures is about 27%.

### 9. Credit concentration

Concentration risk is the risk arising from a concentration of the credit portfolio's exposures relative to counterparties, groups of counterparties in the same economic sector or exercising the same activity or belonging to the same geographical area.

#### 9.3 Large Exposures

As at 31 December 2022, the Group, without considering Mediocredito Centrale and Cassa di Risparmio di Orvieto, did not hold any positions classifiable as 'large risks', with the exception of the physiological exposure to the Public Administration.

With reference to Mediocredito Centrale, for the purposes of the application of the prudential supervisory regulations on large exposures (see Part II, Chapter 10 of Bank of Italy Circular 285/2013 and see Articles 387 et seq. of EU Regulation 575/2013), as at 31 December 2022 there were 5 exposures of this kind (exceeding 10% of Own Funds) for a nominal amount of € 2,321,354 thousand, corresponding to a weighted amount of € 22,436 thousand.

For Cassa di Risparmio di Orvieto, on the other hand, the amount (book value) was € 896,453,000, while the weighted amount was € 64,255,000, relating to 13 exposures.

## 3.2. MARKET RISKS

### Qualitative information

Market risk analysis is carried out voluntarily because Invitalia is not subject to Bank of Italy supervision.

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

For Invitalia, this risk is represented by the risk of an adverse change in the value of a position in financial instruments, included in the trading book for supervisory purposes, due to adverse trends in interest rates, exchange rates, inflation rates, volatility in stock prices, credit spreads, commodity prices (generic risk) and issuer creditworthiness (specific risk).

Market risk comprises three types of risk: interest rate risk, price risk and currency exchange rate risk.

Invitalia's financial management complies with the asset allocation policies and risk limits imposed by its Board of Directors.



As already noted in the Annual Report, there is no appreciable liquidity, interest rate or credit risk. As far as liquidity risk is concerned, note that the cash flow from ordinary operations fully covers structural operating costs. The stress test, aimed at verifying the financial resilience of operations in the event of an exogenous liquidity shock, indicates that financial management investments comply with the principle of high liquidity, seeing that two-thirds of the total can be readily monetised.

Interest rate and credit risk are similarly low.

In this regard, it should be noted that the long-term securities portfolio (HTC) has a very low risk profile with an average duration of about 5 years (against a financial mandate limit of 7 years) and an average rating of BB+ with Italian government securities exceeding 50% of the total.

The Agency's intention and ability to hold these securities for the long term in order to collect coupon-based returns means that, in accordance with international accounting standards, any capital losses (fair value) caused by temporary fluctuations in rates and prices (measurement of securities at historical cost) are not incurred.

Conversely, the portfolio of securities held for trading has a residual size, now less than 10% of investments, and is characterised by an even shorter financial duration, less than 3 years, and a lower implicit interest rate risk.

Investment policies are largely made up of separately managed items with a prudent profile, which, by virtue of the segregation of the related funds and the rules governing them, offer high protection against credit and interest rate risks.

Finally, mutual funds, which are marginal in size, do not appreciably increase the risk profile of management as a result of having led to the choice of the world's leading asset managers and by virtue of the prudential balanced investment class.

With regard to Mediocredito Centrale, the positions pertaining to the trading portfolio for supervisory purposes are nil. On the other hand, Cassa di Risparmio di Orvieto does not hold a proprietary portfolio for trading purposes.

### 3.2.1 Interest rate risk

With reference to Mediocredito Centrale, interest rate risk can be defined as the risk that changes in interest rates will have unfavourable effects on assets and liabilities held for purposes other than trading, thus impacting profitability and/or economic value. The exposure to interest rate risk derives mainly from the degree of maturity transformation, i.e., the collection of funds with a short-term repricing frequency and the investment in assets with a longer-term repricing frequency; for these reasons, its quantification is based primarily on the analysis of the mismatch between the repricing maturities of assets and liabilities (so-called "gap risk"). They are also relevant for the Banks of the Group, depending on the specific business model adopted by each entity:

- basis risk, i.e., the risk related to imperfect correlation in the adjustment of lending and borrowing rates on different instruments, but with otherwise similar repricing characteristics (maturity and/or repricing frequency);
- option risk, i.e., the risk associated with the presence of options in the Bank's assets, liabilities and off-balance sheet instruments.

In order to strengthen the processes for measuring and managing interest rate risk exposure at a consolidated level, the Bank has implemented specific procedures aimed at monitoring the levels of risk assumed and at containing them within the overall framework of thresholds defined by the corporate bodies. In particular, they include:

- among the strategic indicators, the  $\Delta$  Present Value/Equity ratio, an indicator designed to monitor the impact on the economic value of the banking portfolio resulting from a parallel shock of 200 basis points on the interest rate curve;
- monitoring indicators include  $\Delta$  Net Interest Income, an indicator designed to monitor the impact on net interest of a 100 basis point shock.

For the measurement and monitoring of these indicators for the purposes of the RAF and more generally for the analysis of interest rate risk exposure, the standard methodologies indicated in the Supervisory Provisions were adopted. In particular, the estimate of the impact on the economic value measures the theoretical change in the market value of the banking portfolio according to the "Duration Analysis" model, based on the mapping/grouping of all positions of interest-bearing funding, interest-bearing lending and instruments derived by repricing time

bands; for each band, the estimated change in value is obtained by applying the modified duration and the assumed local rate shock.

To estimate the impact on the expected interest margin, the 'Gap Analysis' model is adopted, again starting with the mapping/grouping of all rate-sensitive positions by repricing time bands; for each band, the change in the margin is obtained by multiplying the net position in repricing by the assumed shock and the duration over which interest accrues at the new rate.

In order to adequately take into account the specificities that characterise the different business models of the Group's entities, the standard methodology is supplemented with the application of the following behavioural models on the area represented by Cassa di Risparmio di Orvieto:

- on-demand items model: based on two separate analyses, devoted respectively to the study of the persistence of volumes of on-demand items and the trend of rates on these aggregates with respect to the trend of market rates;
- pre-payment model: functional to the estimation of an expected amortisation schedule of loans based on different maturity than the contractual one, by determining the coefficients of a parametric survival function that takes into account quantitative financial variables (e.g., refinancing incentives) and categorical explanatory variables (e.g., type of counterparty, age of the borrower, etc.).

In terms of risk factors, both parallel and non-parallel shifts in the rate curve are considered (e.g., parallel shock equivalent to a change of  $\pm 200$  basis points, so-called 'steepener' shocks, so-called 'flattener' shocks, etc.), from both a deterministic and a probabilistic perspective (shocks to the curve corresponding to the 1st/99th percentile of the historic distribution of annual rate changes).

As far as Cassa di Risparmio di Orvieto is concerned, at the balance sheet date, the Cassa did not hold a proprietary portfolio for trading purposes; in fact, in line with previous years and with the Cassa's traditional risk/return profile, the securities portfolio is substantially characterised by the presence of Euro area government bonds held according to a "Hold To Collect and Sell" business model, with the objective of collecting contractual and for sale cash flows, in accordance with the guidelines at a consolidated level, and it is therefore not exposed to interest rate risk.

### Impacts from the Covid-19 pandemic

The Bank monitors the potential impact of unexpected interest rate, on profits and/or the economic value resulting from increased volatility related to the pandemic crisis. The monitoring of risk indicators during the year did not reveal any elements likely to materially alter the exposure to interest rate risk of the banking portfolio.

## QUANTITATIVE INFORMATION

### 1. Breakdown by residual term (repricing date) of financial assets and liabilities

Type/Residual term	On demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Unspecified duration
<b>1. Assets</b>	<b>1,938,043</b>	<b>2,277,318</b>	<b>420,153</b>	<b>371,208</b>	<b>1,064,181</b>	<b>186,552</b>	<b>232,527</b>	<b>86,096</b>
1.1 Debt Securities	831	362,508	45,864	297,227	830,067	64,503	17,183	-
1.2 Receivables	1,216,532	24,861	268	23,728	46,222	-	-	28,037
1.3 Other assets	720,680	1,889,949	374,021	50,253	187,892	122,049	215,344	58,059
<b>2. Liabilities</b>	<b>2,080,159</b>	<b>1,248,676</b>	<b>114,251</b>	<b>498,710</b>	<b>1,138,157</b>	<b>231,746</b>	<b>3,754</b>	<b>0</b>
2.1 Payables	2,079,583	1,248,594	113,895	498,644	419,377	42,644	3,754	-
2.2 Debt Securities	576	82	356	66	718,780	189,102	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	<b>0</b>	<b>19,440</b>	<b>1,233</b>	<b>167</b>	<b>4,700</b>	<b>5,860</b>	<b>8,679</b>	<b>0</b>
- Options	-	18,242	1,233	167	4,700	5,860	8,679	-
3.1 Long positions	-	6	31	164	4,700	5,860	8,679	-
3.2 Short positions	-	18,236	1,202	3	-	-	-	-
- Other derivatives	-	1,198	-	-	-	-	-	-
3.3 Long positions	-	599	-	-	-	-	-	-
3.4 Short positions	-	599	-	-	-	-	-	-

### 3.2.2 PRICE RISK

#### Qualitative information

##### 1. General Aspects

'Other price risk', as defined in Appendix A of IFRS 7, is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices other than changes caused by interest rate risk or currency exchange risk. For Invitalia, this risk is substantially limited to equity investment transactions which, following the reorganisation, are limited to residual costs. Price risk is kept in check through the definition of shareholders' way-out agreements, possibly accompanied by guarantee or disincentive mechanisms for non-compliance with agreed terms.

### 3.2.3 EXCHANGE RATE RISK

#### Quantitative information

This case applies only to Cassa di Risparmio di Orvieto. Foreign currency activity is residual compared to total lending and is hedged from time to time by similar funding transactions. In general, therefore, the Cassa tends not to take significant risk positions on the foreign exchange market. The exposure to exchange rate risk and any hedging activities of a management nature are monitored by the competent structures of Banca del Mezzogiorno through specific Asset and Liability Management (ALM) procedures. At the reporting date, the Cassa did not hold any exchange rate risk hedging instruments within the banking portfolio, also in consideration of the residual volumes invested.

### 3.3 OPERATIONAL RISK

#### QUALITATIVE INFORMATION

##### 1. General aspects, management processes and methods for measuring operational risk

Operational risk is the risk of suffering losses resulting from inadequate or dysfunctional internal procedures, human resources and systems, or due to exogenous events. This includes, inter alia, losses resulting from fraud, human error, interruption of operation, systems unavailability, breach of contract, and natural disasters. Operational risk includes legal risk, while strategic and reputation risks are not included.

The main processes of the company's activities are governed through specific internal documents. These documents, together with the IT procedures, allow for the control of operational risks related to the occurrence of technical and human errors in all phases of the company's operations, which could give rise to damaging consequences in terms of the company's economy and image.

From an organisational point of view, the Internal Auditing department supervises the operation and adequacy of the internal control system, verifying the adherence and coherence of the processes, actions and practices implemented by the corporate departments with the law, regulations, directives, delegated powers and issued procedures, and with special reference to the provisions of Legislative Decree 231/2001.

The Organisational, Management and Control Model adopted, which complies with the requirements of Legislative Decree 231/01, is based on:

1. adherence to the code of ethics, with particular regard to relations with the Public Administration;
2. the definition of written and shared operational procedures;
3. the separation of duties and responsibilities;
4. the establishment of an autonomous and independent Supervisory Board;
5. the systematic verification by the Supervisory Board and Internal Auditing of compliance with the established internal control procedures.

#### Quantitative information

The group's operations are characterised by a division dedicated to banking activities, another dedicated to the management of subsidised funds and services provided to the PA, and finally a division dedicated to activities that are being divested as they are considered non-strategic for the group.

With regard to the subsidies managed on behalf of the Public Administration bodies, current disputes do not normally have economic repercussions with respect to the group's ordinary business, given that any unfavourable outcome of the pending cases do not have an effect on the group's income statement, as all expenses resulting from the loss of the case remain the responsibility of the commissioning Public Administration bodies and therefore are incurred against the funds available under management. Therefore, no provisions are made in relation to this type of dispute.

Within the context of other operations, the Group, in the presence of involvement in legal proceedings that the competent corporate departments assess as likely to result in a loss, makes specific provisions for risks and charges.

### 3.4 LIQUIDITY RISK

#### Qualitative information

##### 1. General aspects, management processes and liquidity risk measurement methods

With reference to the Parent Company and the Subsidiaries, with the exception of Mediocredito Centrale and Cassa di Risparmio di Orvieto, the liquidity risk was not subject to a specific analysis, in consideration of current asset allocation.

Conversely, for Mediocredito Centrale and Cassa di Risparmio di Orvieto (hereinafter also referred to as the Banks), liquidity risk, in general terms, is understood as the risk that the Bank may find itself unable to finance new loans and/or fulfil its payment commitments on time. The liquidity risk governance and management system is geared towards preventing conditions from developing that may lead to such a state of default.

Exposure to liquidity risk primarily reflects the Banks' specific business model. In addition, management choices regarding the instruments used to mitigate this risk, such as the quali-quantitative composition of liquidity reserves, the proportion of restricted assets, and the degree of diversification of funding, are also relevant.

In relation to these aspects and the risk factors likely to affect expected cash flows, the following types of liquidity risk to which the Banks are exposed are the following:

- a. risk of unexpected liquidity needs (contingency liquidity risk);
- b. risk of refinancing under unfavourable conditions (mismatch liquidity risk);
- c. risk of forced sale of securities - or credit assets - at a price below fair value (market liquidity risk);
- d. risk related to the composition of funding and concentration by counterparties/technical forms/maturities, of negative effects on the market's appetite for the Banks' unsecured debt (funding liquidity risk);
- e. risk associated with the proportion of assets tied up in secured funding transactions, of negative effects on the market's appetite for the banks' unsecured debt (asset encumbrance risk).

Against these risks, the liquidity monitoring system is structured as follows.

- with regard to funding liquidity risk, contingency liquidity risk and market liquidity risk, risk exposure is jointly monitored through the maturity ladder model, by positioning expected cash flows and counterbalancing capacity (liquidity reserves) on a monthly schedule and calculating the cumulative balance for each maturity group. The scenario analysis includes the introduction of stress assumptions relating to the non-renewal of short-term funding and haircuts on liquidity reserves. Risk exposure is expressed in terms of days of survival and according to the Liquidity Coverage Ratio formulation;
- exposure to funding liquidity risk is also measured in terms of the concentration of funding by technical forms, counterparties and renewal date;
- exposure to mismatch liquidity risk is expressed as the share of illiquid assets financed by stable funding and, in particular, according to the formulation of the Net Stable Funding Ratio;
- as regards asset encumbrance risk, risk exposure is expressed both as the ratio of restricted assets to total eligible assets and as the committed share of collateral eligible for Eurosystem credit;
- in terms of risk factors (monitoring of unfavourable events likely to affect expected cash flows), a system of early warning indicators is in place, with the aim of detecting in advance events capable of triggering situations of liquidity strain or crises.

In this respect, the liquidity indicators included in the RAF are particularly relevant:

- the Liquidity Coverage Ratio and the Net Stable Funding Ratio as strategic indicators for monitoring the Group's liquidity in the short and medium to long term;
- the Counterbalancing Capacity and the level of Available Eligible Assets, as monitoring indicators aimed at highlighting in advance the emergence of tensions potentially capable of affecting the evolution of strategic indicators and at triggering an 'enhanced surveillance' of the overall indicator system.

The liquidity governance framework and the principles that guide the Banks' interaction, control and management processes of liquidity risk, both in normal business and stress conditions, are governed by a specific Liquidity Policy. It also includes the Contingency Funding and Recovery Plan, designed to identify in advance, analyse and manage situations of "liquidity strain" generated by idiosyncratic and/or market factors, while the Recovery Plan is aimed at managing situations of real "crisis funding and strategic crisis, in both normal business and stress conditions.

**Impacts from the Covid-19 pandemic**

The measures put in place at the onset of the effects of the Covid-19 pandemic, which were designed to assess the potential impacts of unexpected liquidity demands from customers and volatility in the value of liquid assets as a result of any deterioration in market conditions, have been maintained throughout 2022. In addition, the incremental risk factors generated by the health crisis were incorporated into the analyses and stress scenarios for the purpose of the Internal Liquidity Accuracy Assessment Process (ILAAP). However, there were no signs of stress on the operational and structural liquidity, with the related indicators remaining stably above the minimum thresholds.

**Impacts from the Russia-Ukraine conflict**

Following the escalation of military and geopolitical tensions, the Bank took various preventive measures to identify, manage and mitigate potential effects on its business and results. No direct impacts emerged in terms of liquidity risk, partly due to the absence of exposures in countries involved in the conflict. With regard to the indirect effects on the macroeconomic framework, arising from the combination of geopolitical risks and the rise in energy prices with the residual effects of the pandemic, the high level of uncertainty regarding future developments and the changed orientation of monetary policy, the Bank has raised the level of attention and monitoring of liquidity reserves, risk indicators and early warning indicators. The latter, in particular, are aimed at detecting early signs of liquidity strain, given the changed environment compared to the previous phase of abundant and cheap liquidity.

**Quantitative information****1. Temporal breakdown by Residual Contract Duration of financial assets and liabilities**

Items/ Time bands	On demand	From 1 to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Unspecified term
<b>On-balance assets</b>	<b>168,613</b>	<b>12,432</b>	<b>13,256</b>	<b>552,546</b>	<b>781,262</b>	<b>535,833</b>	<b>671,417</b>	<b>2,726,362</b>	<b>1,247,746</b>	<b>23,974</b>
A.1 Government securities	1,164	-	1,832	-	4,504	2,986	280,964	907,000	-	-
A.2 Other debt securities	2,375	63	-	-	643	1,405	11,294	109,064	331,053	-
A.3 Loans	165,074	12,369	11,424	552,546	776,115	531,442	379,159	1,710,298	916,693	23,974
- Banks	73,874	883	-	-	28	268	24,283	46,155	-	23,974
- Customers	91,200	11,486	11,424	552,546	776,087	531,174	354,876	1,664,143	916,693	-
<b>On-balance liabilities</b>	<b>1,966,765</b>	<b>304,141</b>	<b>103</b>	<b>108,828</b>	<b>204,669</b>	<b>51,979</b>	<b>530,620</b>	<b>1,801,297</b>	<b>292,347</b>	<b>-</b>
B.1 Payables to:	1,942,482	86	80	101,083	31,331	37,655	494,181	786,272	-	-
- Banks	2,738	-	-	-	-	-	452,222	348,400	-	-
- Customers	1,939,744	86	80	101,083	31,331	37,655	41,959	437,872	-	-
B.2 Debt securities	572	-	18	-	64	360	11,916	300,276	245,199	-
B.3 Other liabilities	23,711	304,055	5	7,745	173,274	13,964	24,523	714,749	47,148	-
<b>Off-balance transactions</b>	<b>197,112</b>	<b>1,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>6,747</b>	<b>17,070</b>	<b>34,286</b>	<b>-</b>
C.1 Financial derivatives with exchange of principal										
- long positions	-	599	-	-	-	-	-	-	-	-
- short positions	-	599	-	-	-	-	-	-	-	-
C.2 Financial derivatives w/out exchange of principal										
- positive differences	-	-	-	-	-	-	-	-	-	-
- negative differences	-	-	-	-	-	-	-	-	-	-
C.3 Receivable financing										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- long positions	69,380	-	-	-	-	249	6,747	17,070	34,286	-
- short positions	127,732	-	-	-	-	-	-	-	-	-
C.5 Financial securities given	-	-	-	-	-	-	-	-	-	-
C.6 Financial securities received	-	-	-	-	-	-	-	-	-	-

### 3.5 - Derivative Instruments and Hedging Policies

#### Trading derivatives

The Group does not trade in derivative instruments for trading purposes.

#### Accounting hedges

##### Qualitative information

##### A. Fair value hedging activities

In order to immunise the economic value of the subsidiary Mediocredito Centrale from the impact of changes in interest rates on fixed-rate/zero-coupon bond funding, each bond issue was hedged by means of an Interest Rate Swap derivative contract, entered into with a primary market counterpart. Therefore, these positions are configured as Fair Value Hedges.

##### B. Cash flow hedging activities

There are no cash flow hedging transactions.

##### C. Hedging Activities for Foreign Investments

There are no foreign investment hedging activities.

#### D. Hedging instruments

Each hedging instrument features an active portion that exactly replicates the interest accruing on bond issues and a passive portion indexed to Euribor plus a spread, so as to perfectly offset any changes in cash flows deriving from the hedged item due to changes in interest rates.

#### E. Elements hedged

Since the purpose of the hedging transaction is to immunise the economic value of the banking portfolio from interest rate risk, the hedged element is not exactly the bond, but rather a portion of it, represented by the component that refers to the impact of changes in interest rates.

Verification of hedge effectiveness uses methodologies accepted by the reference accounting standards and professional practice and consists in verifying that the change in value of the hedged element, in the face of a conventional shock to interest rates, is equal to the change in value of the hedging instrument. Any difference (ineffectiveness) must be attributable solely to the difference between the fair market spread and the spread actually negotiated with the counterparty.

### Quantitative information

#### 3.5.2 Hedging financial derivatives: end-of-period notional values

Types of derivative	2022		2021	
	Over the counter - Central Counterparts	Over the counter - Without central counterparts - With netting agreements	Over the counter - Central Counterparts	Over the counter - Without central counterparts - With netting agreements
<b>1. Debt securities and interest rates</b>	-	550,227	-	470,063
a) Options	-	-	-	-
b) Swaps	-	550,227	-	470,063
c) Forward	-	-	-	-
d) Futures	-	--	--	--
e) Other	-	--	--	--
<b>2. Equity Securities and Stock indices</b>	-	--	--	--
a) Options	-	--	--	--
b) Swaps	-	--	--	--
c) Forward	-	--	--	--
d) Futures	-	-	-	--
e) Other	-	--	--	--
<b>3. Currencies and gold</b>	-	--	--	--
a) Options	-	-	-	-
b) Swaps	-	--	--	--
c) Forward	-	--	--	--
d) Futures	-	--	--	--
e) Other	-	--	--	--
<b>4. Goods</b>	-	-	--	--
<b>5. Other</b>	-	--	--	--
<b>Total</b>	-	550,227	-	470,063

### 3.5.3 Residual life of hedging derivatives: notional values

Underlying/Residual life		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates		-	370,000	180,227	550,227
A.2 Financial derivatives on equities and equity indices		-	-	-	-
A.3 Financial derivatives on currencies and gold		-	-	-	-
A.4 Financial derivatives on commodities		-	-	-	-
A.5 Other Financial Derivatives		-	-	-	-
<b>Total</b>	<b>2022</b>	-	<b>370,000</b>	<b>180,227</b>	<b>550,227</b>
<b>Total</b>	<b>2021</b>	-	<b>300,000</b>	<b>170,063</b>	<b>470,063</b>

### 3.5.4 Hedging derivatives: positive and negative gross fair value, change in value used to identify ineffective hedging

Types of derivative	Positive and negative fair value - 2022				Positive and negative fair value - 2021				Change in value used to identify ineffective hedging	
	Over the counter - Central Counterparts	Over the counter - Without central counterparts - With netting arrangements	Over the counter - Without central counterparts - Without netting arrangements	Organised markets	Over the counter - Central Counterparts	Over the counter - Without central counterparts - With netting arrangements	Over the counter - Without central counterparts - Without netting arrangements	Organised markets	2022	2021
<b>Positive fair value</b>										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	26,930	-	-	-	72,272	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>26,930</b>	-	-	-	<b>72,272</b>	-	-	-	-
<b>Negative fair value</b>										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	20,675	-	-	-	1,265	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>20,675</b>	-	-	-	<b>1,265</b>	-	-	-	-



## Section 4. Information on equity

### 4.1.2 Quantitative Information

#### 4.1.2.1 Equity: breakdown

Items/Values	2022	2021
<b>1. Capital</b>	<b>836,384</b>	<b>836,384</b>
<b>3. Reserves</b>	<b>20,317</b>	<b>(44,478)</b>
- profit reserves	65,636	(25,004)
(a) legal	873	873
(d) other	64,763	(25,877)
- other reserves	(45,319)	(19,474)
<i>of which: Reserve Art. 47 DL 19/5/2020</i>	<i>(31,851)</i>	<i>(22,197)</i>
<i>of which: ISMEA Special Reserve (ISA) art.10-ter par. 5</i>	<i>(15,494)</i>	
<b>5. Valuation Reserves</b>	<b>(34,420)</b>	<b>(2,662)</b>
- Equity securities designated at fair value through other comprehensive income	4,894	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(36,237)	-
- Property, plant and equipment	119	-
- Actuarial profits/losses on defined-benefit plans	1,239	(2,658)
- Portion of valuation reserves relating to shareholders' equity-accounted investments	(4,435)	(4)
<b>7. Profit (loss) for the year</b>	<b>(31,081)</b>	<b>84,452</b>
<b>Total</b>	<b>791,200</b>	<b>873,696</b>

#### 4.1.2.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

	2022		2021	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt Securities	124	(31,597)		
2. Equity Securities	38	(4,802)		
3. Financing				
	<b>162</b>	<b>(36,399)</b>	-	

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

	Debt Securities	Equity Securities	Financing
<b>1. Opening balance</b>			
<b>2. Positive changes</b>	<b>213</b>	-	
2.1 Fair Value Increases	98		
2.2 Value adjustments for credit risk	115		
2.3 Transfer of negative realisation reserves to the Income Statement			
2.4 Transfers to other shareholders' equity components (equity securities)			
2.5 Other changes			
<b>3. Negative changes</b>	<b>(31,686)</b>	<b>(4,764)</b>	
3.1 Fair Value Reductions	(21,581)	(4,238)	
3.2 Write-backs due to credit risk	(110)		

3.3 Transfer to Income Statement from positive realisation reserves			
3.4 Transfers to other equity components (equity securities)			
3.5 Other changes	(9,995)	(526)	
<b>4. Closing balance</b>	<b>(31,473)</b>	<b>(4,764)</b>	<b>-</b>

### DISCLOSURE OF REGULATORY CAPITAL

The disclosure of regulatory capital is not applicable.

### Section 5 – Analytical statement of Other Comprehensive Income

Items		31/12/2022	31/12/2022
<b>10.</b>	<b>Profit (Loss) for the year</b>	<b>(31,081)</b>	<b>84,452</b>
	<b>Other income components without reversal to the Income Statement</b>	<b>(3,097)</b>	<b>(10,699)</b>
20.	Equity securities designated at fair value through other comprehensive income	(4,253)	(1,216)
30.	Financial liabilities designated at fair value through other comprehensive income (changes in own creditworthiness)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	102	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	1,055	(108)
80.	Non-current assets and disposal groups classified as held for sale	-	-
90.	Portion of reserves for equity investments measured at shareholders' equity	-	-
	Reserve Art. 47	(9,654)	(9,375)
	<b>Other income components with reversal to the Income Statement</b>	<b>(26,043)</b>	<b>(3,839)</b>
110.	Hedging of foreign investments	-	-
120.	Currency exchange differences	-	-
130.	Hedging of financial flows	-	-
140.	Hedging instruments (undesignated elements)	-	-
150.	Financial assets (other than equity securities) designated at fair value through other comprehensive income	(26,043)	(3,839)
160.	Non-current assets and disposal groups classified as held for sale	-	-
170.	Portion of reserves for equity investments measured at shareholders' equity	-	-
<b>190.</b>	<b>Total other income components</b>	<b>(29,140)</b>	<b>(14,539)</b>
<b>200.</b>	<b>Comprehensive income (Items 10+170)</b>	<b>(60,221)</b>	<b>69,913</b>
210.	Minority's comprehensive income	(781)	-
<b>220.</b>	<b>Parent company's comprehensive income</b>	<b>(59,440)</b>	<b>69,913</b>

### Section 6 – Related-party transactions

The scope of natural and legal persons qualifying as related parties for the consolidated financial statements was defined on the basis of the indications provided by IAS 24, appropriately applied with reference to the specific organisational structure and governance of the Agency.

In particular, the following are considered related parties:

### Entities exercising significant influence on the Company

The company has a single shareholder, the Italian Ministry of Economy and Finance. In this regard, in accordance with the regulations in force, the shareholders' rights with respect to the Agency are exercised by the Minister of Economy and Finance, in agreement with the Minister of Economic Development.

It follows that, operationally, the Ministry of the Economy, the Ministry of Economic Development, all companies controlled by the Ministry of the Economy, and any other in-house companies of the Ministry of Economic Development are to be considered as related parties.

### Subsidiaries

These are the companies over which the Agency directly or indirectly exercises control as defined by IFRS 10.

### Associate companies

These are the companies in which the Agency directly or indirectly exercises significant influence as defined in IAS 28.

### The Management team vested with strategic responsibilities and supervisory bodies

Key management personnel are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the entity, including the directors (executive or otherwise) of the entity. In the Agency, in addition to the Board of Directors, "**strategic responsibilities**" are attributed to the organisation's top-level managers, their close family members and the companies under their control.

### 6.1 Information on the remuneration of managers with strategic responsibilities

Below is information on the remuneration paid in the financial year 2022 to key management personnel, the Board of Directors and the Board of Statutory Auditors by fully consolidated companies.

Information on the remuneration of key management personnel (including directors and auditors)	
a) short-term benefits	9,740
b) post-employment benefits	1,046
<i>of which related to defined-benefit plans</i>	-
<i>of which related to defined-contribution pension schemes</i>	1,046
c) other long-term benefits	-
d) compensation for termination of employment	327
e) payments in shares	-
<b>Total</b>	<b>11,113</b>

### 6.2 Statutory auditors

There are no creditor relationships and/or guarantees issued in favour of directors and auditors.

### Intra-group relations

Given that, as illustrated elsewhere in these Notes and in the Report on Operations, the reorganisation plan is still in progress, intra-group relations continued without interruption for the entire year. In this regard, it should be noted that, within the Group, relations between its various financial entities are inspired by criteria of centrality with regard

to the fundamental activities of governance and control, supplemented by those of guidance and assistance, in the form of advice on legal, economic, organisational and resource management matters. Instead, the individual companies are entrusted with the mission of managing products and services of various kinds.

Transactions carried out with related parties, including intra-group transactions, are neither atypical nor unusual, as they are part of the ordinary course of business of Group companies. The economic effects connected with the afore mentioned transactions are normally regulated on the basis of usual market conditions. In the case of services rendered by the parent company as part of normal group synergies, the fees are determined with the aim of recovering at least the specific and general costs. These transactions, when not concluded at standard conditions or dictated by specific regulatory conditions, were in any case settled at market conditions. Any loans granted by the parent company to subsidiaries and associates at more favourable or non-interest-bearing conditions have been recognised in accordance with IFRS 9, as illustrated in the section 'Accounting Policies'.

### 6.3 Information on transactions with related parties

Transactions carried out with related parties, even if concluded at normal market conditions and even in cases where the amounts are not significant, are reported because the significance of the transactions is linked to the reasons that led to the decision to deliberate and conclude the transaction with the related party.

Below is information on related party transactions by nature and by counterparty.

### Equity-related transactions

Company name	Assets			Liabilities			Commitments
	Financing	Receivables	Equity investments	Other active transactions	Due to customers	Other liabilities	
<b>Companies subject to significant influence</b>							
IP PORTO ROMANO SRL	-	-		853	-	-	
<b>Other related parties</b>							
ANAS SpA					(9)		
CASSA DEPOSITI E PRESTITI SpA					(80,205)		
ENEL SpA- ENEL DISTRIBUZIONE SpA	-	-		-	(90)	(45)	
ENIBIOCH4IN SAN BENEDETTO PO Srl SOCIETA' AGRICOLA					(1,565)		
FINCANTIERI CANTIERI NAVALI ITALIANI SpA							
FONDO UNICO DI GIUSTIZIA					(17,774)		
POSTE ITALIANE GROUP SpA		4,986			(50,966)	(9)	
GSE- GESTORE DEI SERVIZI ENERGETICI SpA	-	-		3,010	(22)	-	
ISTITUTO DELLA ENCICLOPEDIA ITALIANA FONDATA DA GIOVANNI TRECCANI S.P.A.			5,503			(8)	(13,000)
LEONARDO SpA	-	-		-			
MARINA DI VILLA IGEEA SpA		74					
MECAER AVIATION GROUP SpA		5,000					
MONTE DEI PASCHI DI SIENA SpA	-	81,543		-	0	-	
OPEN FIBER SpA					(323,334)		
RAFFINERIA DI MILAZZO SCpA		2,874					
RETE FERROVIARIA ITALIANA					(20)		
TINTORIA STAMPERIA DEL MOLISE SpA		987					
SICAMB SpA					(58)		
SOCIETY FOR CORNEGLIANO SpA		0					
SO.I.GE.A. SRL		6,222			(11,663)		
SPORT E SALUTE SpA	-	-		4		(244)	

## Financial transactions

Company name	Income Statement			
	Net Interest Income	Net Commissions Income	Administrative Expenses	Sundry income and expenses
<b>Companies subject to significant influence</b>				
IP PORTO ROMANO SRL	-	-	(13)	-
<b>Other related parties</b>				
ANAS SpA			(4)	
CASSA DEPOSITI E PRESTITI SpA	(355)	-	-	-
ENEL SpA- ENEL DISTRIBUZIONE SpA	(2)		-	
FONDO UNICO DI GIUSTIZIA	(2)			
POSTE ITALIANE GROUP SpA	(301)	(11)	(1,777)	
MECAER AVIATION GROUP SpA	66			
OPEN FIBER SPA			(224,181)	
RAFFINERIA DI MILAZZO SCpA	42			
RETE FERROVIARIA ITALIANA			(12)	
SO.I.GE.A. S.R.L.	79			

### Section 7 - Leasing

#### Qualitative Information

The Group, in its capacity as lessee, has entered into the following real estate lease agreements:

- for a building in Rome, Viale America 351, which houses the registered office of Mediocredito Centrale – for a building in Rome, Via Silvestro Gherardi, 3 used as guest quarters;
- for buildings housing the representative offices of Mediocredito Centrale in Bari, Milan, Naples and Pescara;
- a lease agreement for commercial use concerning the building in Rome, Via Calabria No. 46, which houses the registered office of the parent company Invitalia SpA, as well as the subsidiaries Infratel SpA, Italia Turismo SpA and Invitalia Partecipazioni SpA;
- a lease agreement for commercial use concerning the building in Rome, Via Pietro Boccanelli No. 12/30, which houses several offices of the above-mentioned companies;
- a lease agreement for residential use concerning the building in Rome, Via Tevere No. 19;
- a state concession concerning the building in Rome, Compendio Roma Eur, which houses the offices of Infratel SpA;
- a lease agreement for commercial use concerning the building in Bologna, Viale Aldo Moro No. 44, which houses the offices of the Emilia-Romagna Earthquake Reconstruction Area;
- a lease agreement for guest quarters for the building located in Rome Via Lazio No. 20/c. In addition, 34 medium- and long-term car rental contracts were activated (24 or 36 months) for company cars, with a duration of 2 or 3 years.

Lease agreements with a term of less than 12 months or of low value are accounted for without recognising right of use, but the costs relating to the lease payments are charged to administrative expenses on an accrual basis.

## Quantitative information

Reference should be made in this item to:

- the information on rights of use acquired through leasing contained in Part B, Assets;
- the information on leasing liabilities contained in Part B, Liabilities;
- information on interest on leasing debts and other charges related to the rights of use acquired through leasing, as well as profits and losses from sales transactions and relocation contained in Part C.

In addition, the quantitative information has been provided, as required by IFRS 16, paragraphs 53(a) and 59, as well as the disclosure of commitments related to short-term leasing if the conditions provided for in par. 55 of IFRS 16 are met.

## Section 8 - Other Information details

### INDEPENDENT AUDITORS' FEES

Below is the schedule of fees pursuant to Article 149-duodecies of the issuers' regulations.

Type of service	Independent Auditing Company	Recipient	Amount
Auditing	Deloitte&Touche Spa	Invitalia Spa	164
Other services	Deloitte&Touche Spa	Invitalia Spa	160
Auditing	Deloitte&Touche Spa	Medio Credito Centrale	215
Other services	Deloitte&Touche Spa	Medio Credito Centrale	138
Auditing	Deloitte&Touche Spa	Cassa di Risparmio di Orvieto	55
Other services	Deloitte&Touche Spa	Cassa di Risparmio di Orvieto	18
Auditing	Deloitte&Touche Spa	Infratel Spa	79
Other services	Deloitte&Touche Spa	Invitalia Partecipazioni	41
Auditing	Deloitte&Touche Spa	Invitalia Partecipazioni	16
Other services	Deloitte&Touche Spa	Italia Turismo	39
Auditing	Deloitte&Touche Spa	Italia Turismo	7
			<b>932</b>

The fees relate to the fees payable for auditing of the 2022 financial statements. The companies in the auditing firm's network did not provide any consulting services during the year.

These fees are net of expense reimbursements, non-deductible VAT and the CONSOB contribution.

### SEGMENT REPORTING

The Group's segment reporting is based on the elements that the parent company's management uses to make operational decisions on an ongoing basis (so-called 'management approach') and is therefore consistent with the disclosure requirements of IFRS 8.

The following sectors have been identified: Lending, Management of Subsidy Funds and Services to Public Administration, and Disposals.

The allocation of profit, loss and equity to these sectors of activity is based on the accounting standards used for the preparation and presentation of the Financial Statements.

The main figures of the income statement and balance sheet aggregates are summarised below.

	Lending	Public funds management and PA services	Disposal	Other	SHAREHOLDERS' EQUITY
<b>TOTAL ASSETS</b>	<b>6,044,506</b>	<b>3,394,877</b>	<b>84,590</b>	<b>21,909</b>	
of which FINANCIAL ASSETS MEASURED AT AMORTISED COST	3,985,899	1,573,477	2,432	16,287	
<b>TOTAL LIABILITIES</b>	<b>4,908,174</b>	<b>3,817,899</b>	<b>6,286</b>	<b>8,459</b>	
<b>SHAREHOLDERS' EQUITY</b>					<b>791,200</b>
<b>SHAREHOLDERS' EQUITY PERTAINING TO NON-CONTROLLING INTERESTS</b>					<b>12,188</b>

INCOME STATEMENT	Lending	Public funds management and PA services	Disposal	Other	Total
120. NET INTEREST AND OTHER BANKING INCOME	37,299	194,531	(8,249)	688	224,269
130. NET LOSSES/RECOVERIES FOR CREDIT RISKS ASSOCIATED WITH:	382	(4,564)	(456)	75	(4,563)
140. PROFITS/LOSSES FROM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	(12)	0	0	0	(12)
150. NET INCOME FROM FINANCIAL ACTIVITIES	37,669	189,967	(8,705)	763	219,694
160. ADMINISTRATIVE EXPENSES:	(20,627)	(221,412)	(8,139)	(1,966)	(252,144)
170. NET PROVISIONS FOR RISKS AND CHARGES	8,266	(16,487)	(695)	(269)	(9,185)
180. NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT	(1,569)	(20,418)	0	(5)	(21,992)
190. NET ADJUSTMENTS TO INTANGIBLE ASSETS	(1,116)	(12,215)	0	(6)	(13,337)
200. OTHER OPERATING EXPENSE/INCOME	946	58,802	260	11	60,019
210. OPERATING EXPENSES	(14,100)	(211,730)	(8,574)	(2,235)	(236,639)
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	0	1,348	0	0	1,348
260. PROFIT (LOSS) ON CONTINUING OPERATIONS BEFORE TAX	23,569	(20,415)	(17,279)	(1,472)	(15,597)
270. INCOME TAX FOR THE YEAR FROM CONTINUING OPERATIONS	0	0	0	(15,500)	(15,500)
280. PROFIT (LOSS) ON CONTINUING OPERATIONS AFTER TAX	23,569	(20,415)	(17,279)	(16,972)	(31,097)
290. PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAX	0	16	0	0	16
<b>300. PROFIT (LOSS) FOR THE YEAR</b>	<b>23,569</b>	<b>(20,399)</b>	<b>(17,279)</b>	<b>(16,972)</b>	<b>(31,081)</b>
310. PROFIT (LOSS) FOR THE YEAR PERTAINING TO NON-CONTROLLING INTEREST	0	0	0	0	0

# ANNEXES

## Annex A.1.a

### Changes in 'Financial assets held for trading'

Debt securities	Opening inventory	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Sales	Negative changes in Fair Value	Other negative changes	Closing inventory	Issuer risk rating		FITCH
										MOODDY'S	S&P	
<b>Banks</b>												
BANCO BPM 08/03/22	3,824	-	-	-	(3,763)	-	-	(61)	-			
BANCO BPM 21/06/24	2,106	-	-	28	-	-	(130)	(26)	1,978	Ba1		
BP SONDRIO 03/04/24	5,241	-	-	90	-	-	(285)	(88)	4,958			BB+
<b>Total debt securities</b>	<b>11,171</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>(3,763)</b>	<b>-</b>	<b>(415)</b>	<b>(175)</b>	<b>6.936</b>			
<b>Equity securities and UCITS units</b>												
JH BALANCED FUND I2 HEUR	7,810	2,500		-	-	(2,443)	(1,447)	-	6,420			
<b>Equity securities and UCITS units</b>	<b>7,810</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,443)</b>	<b>(1,447)</b>	<b>-</b>	<b>6.420</b>			
<b>Overall total</b>	<b>18,981</b>	<b>2,500</b>	<b>-</b>	<b>118</b>	<b>(3,763)</b>	<b>(2,443)</b>	<b>(1,862)</b>	<b>(175)</b>	<b>13.356</b>			



**Annex A.1.c.1**

**Changes in "Other financial assets mandatorily measured at fair value" \_ Capital redemption policies**

Financial assets at Fair Value	Opening balance	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Other negative changes	Closing balance
ATHORA (EX AMISSIMA VITA SPA)	6.611	1.500	40	-	-	-	8.151
ATHORA (EX AMISSIMA VITA SPA)	6.611	1.500	40	-	-	-	8.151
ATHORA (EX AMISSIMA VITA SPA)	998	-	6	-	-	-	1.004
ATHORA (EX AMISSIMA VITA SPA)	998	-	6	-	-	-	1.004
CATTOLICA ASSICURAZIONI 14/4/2022	1,097	-	-	5	(1,102)	-	0
CATTOLICA ASSICURAZIONI 14/4/2022	1,097	-	-	5	(1,102)	-	0
CATTOLICA ASSICURAZIONI 14/4/2022	1,097	-	-	5	(1,102)	-	0
CATTOLICA ASSICURAZIONI 14/4/2022	1,097	-	-	5	(1,102)	-	0
CATTOLICA ASSICURAZIONI 14/4/2022	1,097	-	-	5	(1,102)	-	0
CATTOLICA ASSICURAZIONI 30/4/2023	1,068	-	17	-	(1,102)	-	1,085
EUROVITA (EX PRAMERICA LIFE SpA)	9,749	-	203	-	0	-	9,952
HDI ASSICURAZIONI SPA	1,030	-	10	-	0	-	1,040
HDI ASSICURAZIONI SPA	2,037	-	18	-	0	-	2,055
HDI ASSICURAZIONI SPA	1,024	-	11	-	0	-	1,035
ITAS VITA	6,384	-	70	-	0	(6,454)	0
SARA VITA SPA		2,500	7	-	0	0	2,507
UNIPOL ASSICURAZIONI SPA	1,183	-	27	-	0	(1,210)	0
UNIPOL ASSICURAZIONI SPA	1,183	-	27	-	0	(1,210)	0
UNIPOL ASSICURAZIONI SPA	1,183	-	27	-	0	(1,210)	0
<b>Total Investment Policies at Fair Value</b>	<b>45,544</b>	<b>5,500</b>	<b>509</b>	<b>25</b>	<b>(5,510)</b>	<b>(10,084)</b>	<b>35,984</b>
Empl. Termination Indemn. (TFR) investment policy	938	-		34	(126)		846
<b>Total Financial Assets at Fair Value</b>	<b>46,482</b>	<b>5,500</b>	<b>509</b>	<b>59</b>	<b>(5,636)</b>	<b>(10,084)</b>	<b>36,830</b>

## Annex A.1.c.2

### Changes in "Other financial assets mandatorily measured at fair value" - UCITS units

Other financial assets mandatorily measured at fair value	Opening balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
<b>UCITS units</b>									
FONDO NEXT	1,015				244				1,259
FONDO NORDOVEST	347				14	(361)			0
FONDO ITALIA VENTURE I (*)	33,859	5,180				(2,712)		(1,446)	34,882
FONDO i3-SVILUPPO ITALIA	-	94,000						(7,660)	86,340
	<b>35,221</b>	<b>99,180</b>			<b>258</b>	<b>(3,073)</b>		<b>(9,106)</b>	<b>122,480</b>

(\*) The units of this fund are acquired with the available funds of the 'Fondo Crescita Sostenibile' (Sustainable Growth Fund); consequently, changes in fair value are deducted from the relevant fund

### Changes in the Italia Venture II Fund \_ Fondo Imprese Sud

Other financial assets mandatorily measured at fair value	Opening balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
FONDO ITALIA VENTURE II- IMPRESE SUD	25,029			17,811				(2,012)	40,828
	<b>25,029</b>	<b>-</b>	<b>-</b>	<b>17,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,012)</b>	<b>40,828</b>

**Annex A.2**

**Changes in 'Financial assets measured at amortised cost' - Securities**

*amounts in thousands of €*

Debt securities	Opening inventory	Purchases	Positive changes	Write-backs	Repayments	Value adjustments	Negative changes	Closing balance	Level
<b>Public administration</b>									
BTP 01/03/30 3.5%	22,771	0	240	0	0	0	(432)	22,579	1
BTP 01/09/2028 4.75%	12,998	0	175	0	0	0	(416)	12,757	1
BTP 15/10/2023 0.65%	2,982	0	16	0	0	0	(4)	2,994	1
BTP 15/11/24 1.45 %	8,045	0	14	0	0	0	(28)	8,031	1
BTP 01/03/24 4.5%	5,385	0	75	0	0	0	(206)	5,254	1
BTP 01/04/2022 1.2	8,519	0	5	1	(8,500)	0	(25)	-	
BTP 26/05/25 ICPI	1,878	0	7	0	0	0	(165)	1,720	1
BTP 15/02/29 0.45%		5,566	61	0	0	(1)	0	5,626	1
CCTS EU 15/04/25	4,022	0	25	0	0	0	(9)	4,038	1
REP OF ITALY CNP STRIP 20/2/31	1,606	0	36	0	0	0	0	1,642	2
<b>Total</b>	<b>66,206</b>	<b>5,566</b>	<b>654</b>	<b>1</b>	<b>(8,500)</b>	<b>(1)</b>	<b>(1,285)</b>	<b>64,641</b>	
<b>Banks</b>									
Banca Carige Tier II 2019-2029	9,100	0	30	2,898	-	-	(31)	11,997	3
BANCO BPM 24/04/23 1.75%	4,028	0	51	6	0	0	(48)	4,037	1
BANCO BPM 28/01/25 1.75%	4,046	0	66	6	0	0	(64)	4,054	1
ICCREA 11/10/22 1.5%	6,346	0	-	25	(6,285)	0	(86)	-	
ISCRSP 31/10/25 5.25%		16,976	150	0	0	(7)	0	17,119	1
UBI 17/10/22 0.75%	1,999	0	2	1	(1,999)	0	(3)	-	
BPEIM 31/03/27	807	0	9	1	-	0	(9)	808	1
<b>Total</b>	<b>26,326</b>	<b>16,976</b>	<b>308</b>	<b>2,937</b>	<b>(8,284)</b>	<b>(7)</b>	<b>(241)</b>	<b>38,015</b>	
<b>Other financial companies</b>									
AGR BSK 15/01/32 TV (ABS)	-	11,100	7	-	-	(46)	0	11,061	3
ANIMIM. 22/4/28 1.5%	3,014	0	34	1	-	0	(32)	3,017	1
AZIMUT 12/12/24 1.625%	-	5,113	50	0	-	(2)	0	5,161	1
BASKET BOND ITALIA 31 TV (ABS)	-	48,650	24	-	-	(283)	0	48,391	3

BSK CAMP 21/01/2029	67,293	-	81	699	(9,910)	0	(702)	57,461	3
CDP RETI 29/05/22 1.875 %	1,422	0	-	1	(1,402)	0	(21)	-	
EBB 9/5/2028 TV	18,492	-	53	-	(5,623)	(65)	(56)	12,801	3
EBB EXPORT 17/7/2027	6,029	-	32	-	(600)	(148)	(35)	5,278	3
GARIBALDI 7/30 TV	40,066	11,150	109	226	(3,625)	0	(639)	47,287	3
GROWTH M 10/28 TV	3,895	6,000	10	-	0	(75)	(36)	9,794	3
LUMEN 22/04/29 TV (ABS)	-	24,733	0	-	0	(972)	(79)	23,682	3
NEXIIM 30/04/26 1.625%	999	0	3	1	0	0	(3)	1,000	1
SBB SPV 11/30 TV C A	9,823	19,800	123	-	(9,800)	(35)	(47)	19,864	3
SPMIM 31/03/28 3.125%	1,541	0	38	91	-	0	(39)	1,631	1
POP NPLS 2018 16/11/18-31/12/33 TV -A-			17,134					17,134	3
<b>Total</b>	<b>152,574</b>	<b>126,546</b>	<b>17,698</b>	<b>1,019</b>	<b>(30,960)</b>	<b>(1,626)</b>	<b>(1,689)</b>	<b>263,562</b>	
<b>Non-financial companies</b>						0			
ICM 11/26 4% RAT	2,912	-	10	18	-	-	10	2,930	3
INFORMATION 12/21 5%	967	-	0	32	(200)	-	-	799	3
OCTO GROUP S.p.A.17/12/2026	969	-	1	11	(200)	-	(1)	780	3
SIDERALBA 6/27 1.75%	4,961	-	0	28	0	-	-	4,989	1
TERNA 23/07/23 1%	1,251	0	7	0	0	0	(5)	1,253	1
<b>Total</b>	<b>11,060</b>	<b>10,000</b>	<b>135</b>	<b>89</b>	<b>(400)</b>	<b>(266)</b>	<b>(16)</b>	<b>20,602</b>	
<b>Total debt securities</b>	<b>253,166</b>	<b>159,088</b>	<b>18,795</b>	<b>4,046</b>	<b>(48,144)</b>	<b>(1,900)</b>	<b>(3,231)</b>	<b>386,820</b>	

## Annex\_A.3

### Equity investments - Annual changes

Equity investments	Book value 01/01/2021		Increases				Decreases			Book value 31/12/2022
			Purchases	Write-backs	Revaluations	Other changes	Sales	Value Adjustments	Other changes	
<b>Companies subject to significant influence:</b>										
C.R.A.A. SRL IN LIQUIDATION	38							(38)		-
CDP VENTURE CAPITAL SPA	3,408				1,344					-
CFI - COOPERAZIONE FINANZA FORMER CROW CONSORTIUM	609				1					610
ELECTRA SINGROTONE TRIESTE S.P.A.	2,232				79					2,311
FINMEK SOLUTIONS SPA IN PROC. CONC.	-									-
FONDERIT ETRURIA in bankruptcy	-									-
IDC - ITALIAN DISTRIBUTION	-									-
ISTITUTO DELLA ENCICLOPEDIA TRECCANI SPA	5,514							(11)		5,503
ITALIACAMP SRL	1									1
LAMEZIA EUROPA SCPA	-									-
MARINA DI VILLA IGIEA SPA	820				24					844
MECCANO SCPA	80				1					81
SASSONLINE SERVICE S.C.	-									-
SCIULIANA NAVIGANDO SRL	15									-
SOGLIATA PER CORNIGLIANO SPA	1,379							(15)		1,379
TESS COSTA DEL VESUVIO	162							(74)		88
TRADIZIONI DI CALABRIA (in bankruptcy)	-									-
<b>Companies acquired with third-party funds:</b>										
<b>of which DL 16 December 2019 No. 142</b>										
ACCIAIERIE D'ITALIA SPA	402,972									402,972
BANCA POPOLARE DI BARI	420,366							(1,366)		419,000
BANCA POPOLARE DI BARI			35,000							35,000
DRI D'ITALIA SPA										-
<b>of which with funds L. 205/2017</b>										
INVITALIA GLOBAL INVESTMENT SPA	9,153								(9,153)	0
<b>of which with funds from L. 181/89</b>										
GMS SRL IN BANKRUPTCY	1,370									1,370
ELMIRAD SERVICE SRL IN LIQUIDATION	120									120
FONDERIE SPA IN BANKRUPTCY	-									-
GUSTAVO DE NEGRI & ZANA. SRL IN BANKRUPTCY	202									202
JONICA IMPIANTI SRL IN BANKRUPTCY	278									278
PERITAS SRL	326									326
PRO S.IT. SRL IN BANKRUPTCY	499									499
SICALP SRL IN BANKRUPTCY	1,033									1,033
SIE - SOC. ITTICA EUROPEA UNDER SPECIAL ADMINISTRATION	-									-
SIMPE SPA IN BANKRUPTCY	3,600									3,600
SURAL SPA BANKRUPT	253									253
TEKLA SRL	653									653
<b>of which with funds from Law 126/2020</b>										
REITHERA SRL	15,000									15,000
TLS SRL	15,000							(12,898)		2,102
<b>Total equity investments</b>	<b>885,084</b>		<b>35,000</b>	<b>-</b>	<b>1,449</b>	<b>-</b>	<b>9,153</b>	<b>(14,402)</b>	<b>-</b>	<b>897,978</b>

**Annex A.4**

**Non-current assets and disposal group classified as held for sale: accounting information**  
*amount in thousands*

<b>Company name</b>	<b>Stake held</b>	<b>Book value</b>
	<b>%</b>	
I.T.S INFORMATION TECHNOLOGY SERVICES SPA	17.33%	-
IP PORTO ROMANO SRL	34.23%	74
MARINA DI ARECHI	1.00%	300
SALERNO SVILUPPO S.C.R.L. IN LIQUIDAZIONE	20.00%	53
<b>Total other companies</b>		<b>427</b>

### Annex A.5

#### Non-current assets and disposal group held for sale - annual changes

Company name	Opening balance 01/01/2022	Positive changes	Negative changes	Revaluations	Disposals	Depreciation	Closing balance 31/12/2022
I.T.S INFORMATION TECHNOLOGY	-						-
IP PORTO ROMANO SRL	74						74
MARINA D'ARECHI	300						300
SALERNO SVILUPPO S.C.R.L. IN LIQUIDAZIONE		53					53
<b>Total other companies</b>	<b>374</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>427</b>

**ATTESTATION OF THE CONSOLIDATED FINANCIAL  
STATEMENTS PURSUANT TO ARTICLE 81-TER OF  
CONSOB REGULATION NO. 11971 DATED 4 MAY  
1999, AS AMENDED**





Agenzia nazionale per l'attrazione  
degli investimenti e lo sviluppo d'impresa SpA

**Attestation of the Consolidated Financial Statements pursuant to Article 154-bis, § 5, of Legislative Decree No. 58/1998 and Article 81-ter of Consob Regulation No. 11971 dated 4 May 1999, as amended**

1. The undersigned Bernardo Mattarella as Chief Executive Officer and Domenico Tudini as Financial Reporting Officer of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. hereby certify, also taking into account the provisions of Article 154-bis, §§ 3 and 4, of Legislative Decree No. 58 dated 24 February 1998:

- the suitability in relation to the characteristics of the Group, and
- the actual application of the administrative and accounting procedures for preparing the financial statements closed as at 31 December 2022.

The suitability and the actual application of the administrative and accounting procedures for preparing the financial statements as at 31 December 2022 was verified coherently with the COSO model, which is the framework of reference for the internal control system (Internal Controls – Integrated Framework) put in place by the Agency and widely accepted internationally. COSO has been issued by the Committee of Sponsoring Organizations of the Treadway Commission, the US entity that aims at improving the quality of financial reporting.

During 2022, the Financial Reporting Officer of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (Invitalia), with assistance from the Internal Auditing department, verified the suitability and the actual application of the existing administrative and accounting procedures, with reference to the internal financial reporting control system.

No significant aspects were revealed by the assessment of the internal financial reporting control system.

2. We further certify that:

2.1. The consolidated financial statements of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. as at 31 December 2022:

- 2.1.1. were prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council dated 19 July 2002;
- 2.1.2. are consistent with the entries in the accounting books and records;
- 2.1.3. are suitable for providing a true and correct representation of the issuer's equity, economic and financial situation.

2.2 The Directors' Report on Operations includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and inaccuracies to which they are exposed.

Rome, 30 May 2022

The Chief Executive Officer

The Financial Reporting Officer

Bernardo Mattarella  
(signed)

Domenico Tudini  
(signed)

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Single shareholder Italian Ministry  
of Economy and Finance  
Share capital € 836,383,864.02

Registered with the Business Registry of Rome  
Tax ID No. 05678721001

**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF  
LEGISLATIVE DECREE NO. 39 DATED 27  
JANUARY 2010 AND ARTICLE 10 OF  
REGULATION (EU) NO. 537/2014**

## INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Sole Shareholder of  
Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (the "Parent Company" or the "Company") and its subsidiaries (the "Group"), which comprise the balance sheet as at December 31, 2022 and the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of non-current assets and disposal groups classified as held for sale****Description of key audit matter**

In the consolidated financial statements as at 31 December 2022, the item "Non-current assets and disposal groups classified as held for sale" amounts to € 84,6 million (€ 212,4 million at the end of 2021), it mainly includes property, plant and equipment related to disposal group classified as held for sale of Invitalia Partecipazioni S.p.A. and Italia Turismo S.p.A.

These assets are measured at the lower of carrying amount and their fair value less costs to sell.

Given the significance of the amount of property, plant and equipment related to disposal group classified as held for sale of Invitalia Partecipazioni S.p.A. and Italia Turismo S.p.A. (the "real estate assets"), the complexity and subjectivity of the process of determining fair value less costs to sell adopted by the Group that considers many variables, we consider the valuation of these assets as a key audit matter in relation to the audit of the consolidated financial statements of the Group as at 31 December 2022.

Disclosures on the above matters are included in the notes to the financial statements "Part A - Accounting policies - A.2 Section related to the main items of the financial statements", in "Part B - information on the Balance Sheet - Section 11 - Non-current assets and disposal groups classified as held for sale - Item 110" and in "Part C - Information on the income statement - Section 20 - Profit (Loss) on discontinued operations after taxes - Item 290".

**Audit procedures performed**

The main procedures carried out as part of the audit work included the following:

- understanding of the process and relevant controls adopted by the Directors for the valuation of real estate assets;
- obtaining and analysing the updated valuations of the real estate assets prepared by the Directors of Invitalia Partecipazioni S.p.A. and Italia Turismo S.p.A. with the support of external experts appointed for this purpose, also evaluating their competences, capabilities and objectivity;
- verification of the reasonableness of the main assumptions and of the key variables of the models used for the valuation of the real estate assets, also with the support of valuation expert of the Deloitte Network also through meetings and discussions with the Management of the Parent Company, Invitalia Partecipazioni S.p.A. and Italia Turismo S.p.A.;

- analysis of the disclosures provided in the notes to the financial statements regarding the aspects described above.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements**

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. has appointed us on September 30, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. are responsible for the preparation of the directors' report on operations and information included in the section concerning the report on corporate governance and ownership structure required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 of the Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the directors' report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n.4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned directors' report on operations and the specific information required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 and contained in the section concerning the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

### **Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254**

The Directors of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Gianfrancesco Rapolla**  
Partner

Rome, Italy  
June 26, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*