GENERAL FINANCE

INTERIM FINANCIAL REPORT
AS AT 31 March 2022

PAGE NOT USED

Interim Report on Operations as at 31 March 2022

Foreword

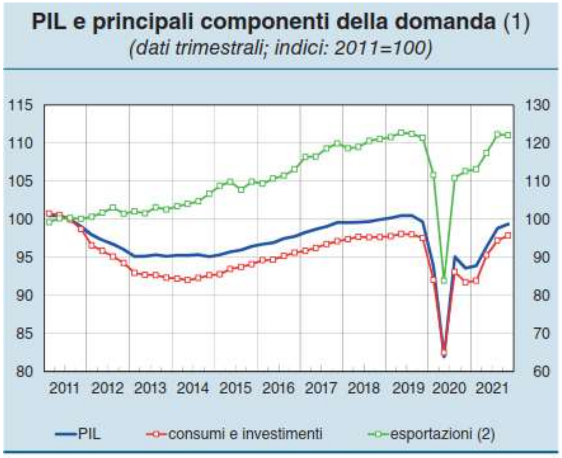
The interim financial report as at 31 March 2022 was prepared in compliance with IAS 34 "Interim Financial Reporting", which defines the minimum amount of information and identifies the accounting and valuation standards to be applied to the condensed financial statements. The standards and interpretations used to prepare the interim financial statements, with reference to classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the methods for recognising the related revenues and costs, are in line with those adopted by Generalfinance for the preparation of the financial statements at 31 December 2021, prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002.
Also the valuation policies and the estimation methods adopted have not changed with respect to those applied in the preparation of the financial statements as at 31 December 2021.

The condensed interim financial statements as at 31 March 2022 consist of the following documents: Statement of Financial Position and Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related explanatory notes, which contain information on fair value, details of the main balance sheet and income statement aggregates, information on risks and hedging policies, information on transactions with related parties. The condensed interim financial statements are also accompanied by the Directors' Report on Operations.

The macroeconomic context and the factoring market in 2021[1]

Macroeconomic context

At the end of 2021, the growth of the Italian economy lost momentum, held back by the stagnation of household consumption and the negative contribution of net foreign demand. According to the available indicators, in the first quarter of the current year, GDP decreased, affected by the increase in the Covid infections and further significant increase in energy prices in a context of high uncertainty due to the developments of the invasion of Ukraine.



Fonte: elaborazioni su dati Istat.
(1) Valori concatenati; dati destagionalizzati e corretti per i giorni lavorativi. – (2) Scala di destra.

Source: Bank of Italy, Economic Bulletin no. 2/2022

In the fourth quarter of 2021, GDP increased by 0.6% compared to the previous period (from 2.5% in the third). The slowdown reflected a halt in consumption growth and a sharp increase in imports against the stability of exports. On the other hand, fixed investments and the change in inventories provided a positive contribution. Value added grew moderately in services and industry in the strict sense, while it continued to increase markedly in the construction sector.

PIL e principali componenti (1)
(variazioni percentuali sul periodo precedente e punti percentuali)

VOCI	2021				2021
	1° trim.	2° trim.	3° trim.	4° trim.	
PIL	0,3	2,7	2,5	0,6	6,6
Importazioni totali	3,8	2,8	2,1	3,6	14,2
Domanda nazionale (2)	1,2	2,4	1,9	1,7	6,6
Consumi nazionali	-0,8	3,8	2,1	0,1	4,0
spesa delle famiglie (3)	-1,1	5,3	2,8	-0,1	5,2
spesa delle Amministrazioni pubbliche	0,0	-0,4	-0,1	0,5	0,6
Investimenti fissi lordi	4,4	3,1	1,8	2,8	17,0
costruzioni	5,5	4,0	2,4	3,8	22,3
beni strumentali (4)	3,5	2,4	1,2	1,9	12,6
Variazione delle scorte (5)	0,9	-1,2	-0,2	1,0	0,2
Esportazioni di beni e servizi	0,5	3,8	4,1	-0,2	13,3
Esportazioni nette (6)	-0,9	0,4	0,7	-1,0	0,2

Fonte: Istat.
(1) Valori concatenati; i dati trimestrali sono destagionalizzati e corretti per i giorni lavorativi. – (2) Include la voce "variazione delle scorte e oggetti di valore". – (3) Include le istituzioni senza scopo di lucro al servizio delle famiglie. – (4) Includono, oltre alla componente degli investimenti in impianti, macchinari e armamenti (di cui fanno parte anche i mezzi di trasporto), le risorse biologiche coltivate e i prodotti di proprietà intellettuale. – (5) Include gli oggetti di valore; contributi alla crescita del PIL sul periodo precedente; punti percentuali. – (6) Differenza tra esportazioni e importazioni; contributi alla crescita del PIL sul periodo precedente; punti percentuali.

Source: Bank of Italy, Economic Bulletin no. 2/2022

Based on the most recent indicators, it is estimated that in the first quarter of 2022, the GDP recorded a decrease of just over half a percentage point compared to the previous period. The economic information available to date indicates a decline in both

1 The chapter refers to and/or reports extensive excerpts from "Economic Bulletin no. 2/2022" of the Bank of Italy and Assifact, statistical circular 10-22 "Factoring in figures - Summary of data as at December 2021"

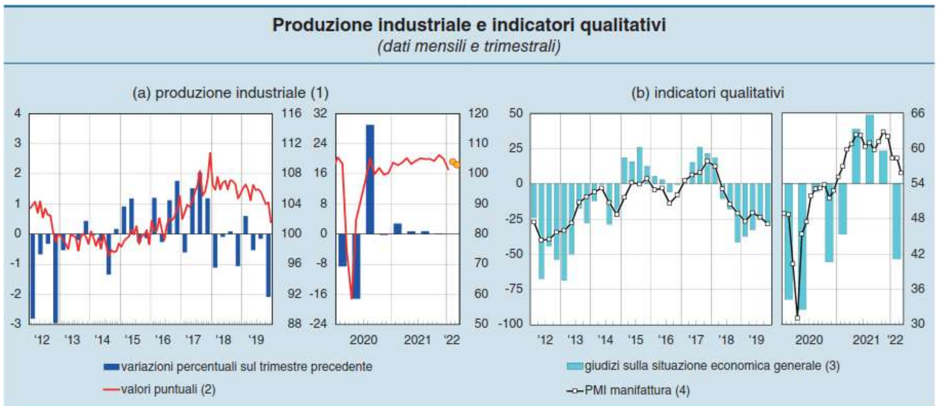
manufacturing and services; in the latter segment, the decline would be related above all to the weakening of household spending. The purchasing managers' indices of manufacturing and services companies fell compared to the end of 2021, albeit remaining at high levels in March. The March surveys on the climate of confidence, the first following the invasion of Ukraine, show a marked deterioration for households, especially in terms of the prospective component, against a holding in business confidence.

Businesses

Industrial activity has decreased in the first quarter as a whole, returning to levels slightly lower than those prior to the outbreak of the pandemic. After the increase at the end of last year, according to companies, the growth in investments will continue during 2022, albeit at a slower pace. The trends of the real estate market remain positive.

In January, industrial production fell considerably (-3.4 per cent compared to the previous month, from -1.1 in December), well above the expectations of the main forecasters; this was impacted by calendar effects related to the start of the year holidays that were more intense than expected, in a context in which high input prices prompted some companies to extend the suspension of activity more than usual. The drop in production was widespread among all the main segments; this is associated with a marked deterioration in prospects in the sectors most exposed to the increase in energy costs, including metallurgical activities, chemical activities and non-metallic mineral processing. The supply difficulties of other raw materials and intermediate products also had an impact. Based on estimates, industrial production in the first quarter fell by around 2% (it had grown by 0.2% in the last three months of the previous year).

Investment spending accelerated in the fourth quarter of 2021 (to 2.8% compared to the previous period, from 1.8%), driven both by the construction component and by spending on plant and machinery. However, the most recent indicators point to a weakening of capital accumulation in the first few months of the current year. According to the processing of the data of the Italian Leasing Association (Assilea), in the two-month period January-February the value of lease contracts for the financing of industrial vehicles decreased, against a slight increase in the sector of capital goods. In the valuations of companies, the conditions for investment deteriorated sharply in all sectors, but companies continue to anticipate an expansion of fixed investment expenditure this year, albeit at a more moderate pace than expected in the last survey.



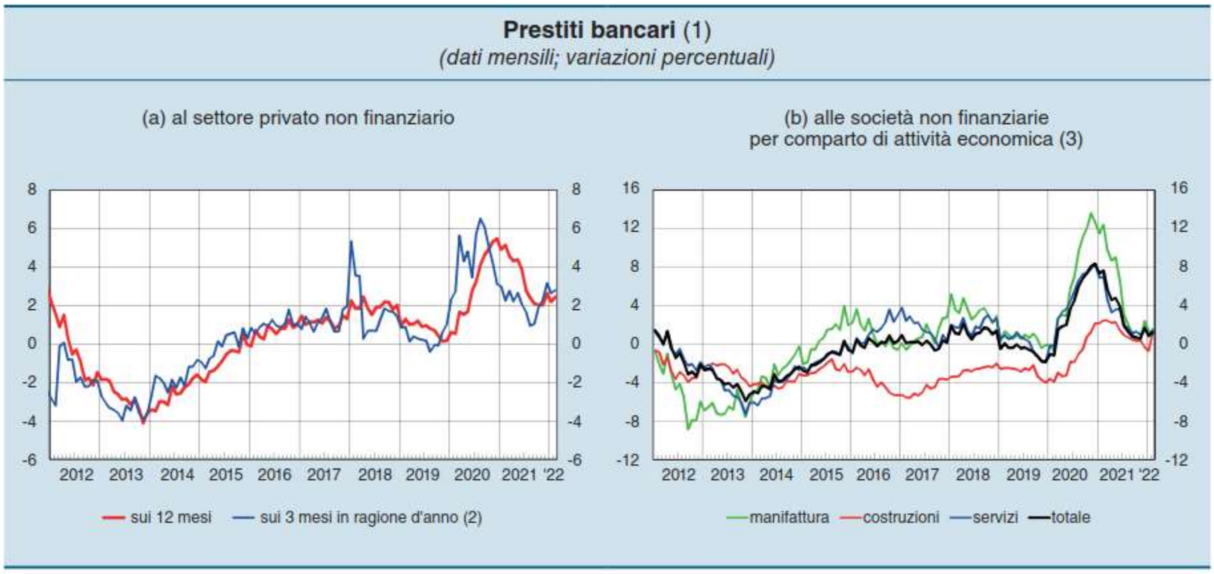
Fonte: elaborazioni su dati Banca d'Italia, Istat, Markit e Terna.
(1) Dati destagionalizzati e corretti per i giorni lavorativi. Per esigenze grafiche i dati relativi successivi al 2020 sono rappresentati su scale diverse rispetto a quelle usate per gli anni precedenti. – (2) Dati mensili. Indice: 2015=100. I punti gialli rappresentano le previsioni dei dati di febbraio e marzo 2022. Scala di destra. – (3) Dati trimestrali. Saldo in punti percentuali tra le risposte "migliori" e "peggiori" al quesito sulle condizioni economiche generali (cfr. *Indagine sulle aspettative di inflazione e crescita*, Banca d'Italia, Statistiche, 7 aprile 2022). – (4) Dati trimestrali medi (a sinistra) e dati mensili (a destra). Indici di diffusione desumibili dalle valutazioni dei responsabili degli acquisti delle imprese (PMI), relativi all'attività economica nel settore manifatturiero. L'indice è ottenuto sommando alla percentuale delle risposte "in aumento" la metà della percentuale delle risposte "stabile". Scala di destra.

Source: Bank of Italy, Economic Bulletin no. 2/2022

The banks

Loan growth to non-financial corporations remained weak in the first months of 2022. In the presence of large accumulated liquid assets in the last two years and in a context characterised by multiple uncertainty factors, the demand for new loans remained modest. The most recent business surveys indicate a deterioration in the conditions of access to credit. The deterioration rates of loans to businesses remained at historically low levels. In 2021, the return on capital of significant banking groups increased.

In February, the expansion of lending to the non-financial private sector increased to 2.8% over the three months (from 2.3% in November, seasonally adjusted and year-on-year). The trend in loans to households remained strong (4.1 per cent over the three months, from 3.8 per cent), while that of loans to non-financial companies, albeit recovering, remained low (2.4 per cent, from 1.4).



Fonte: segnalazioni di vigilanza.
(1) I prestiti includono le sofferenze e i pronti contro termine, nonché la componente di quelli non rilevati nei bilanci bancari in quanto cartolarizzati. Le variazioni percentuali sono calcolate al netto di riclassificazioni, variazioni del cambio, aggiustamenti di valore e altre variazioni non derivanti da transazioni. – (2) I dati sono depurati dalla componente stagionale secondo una metodologia conforme alle linee guida del sistema statistico europeo. – (3) Variazioni sui 12 mesi; fino a dicembre 2013 le serie per i comparti non sono corrette per gli aggiustamenti di valore.

Source: Bank of Italy, Economic Bulletin no. 2/2022

Demand from businesses was held back by the abundant cash and cash equivalents set aside
during the pandemic crisis and was affected by the uncertain environment.

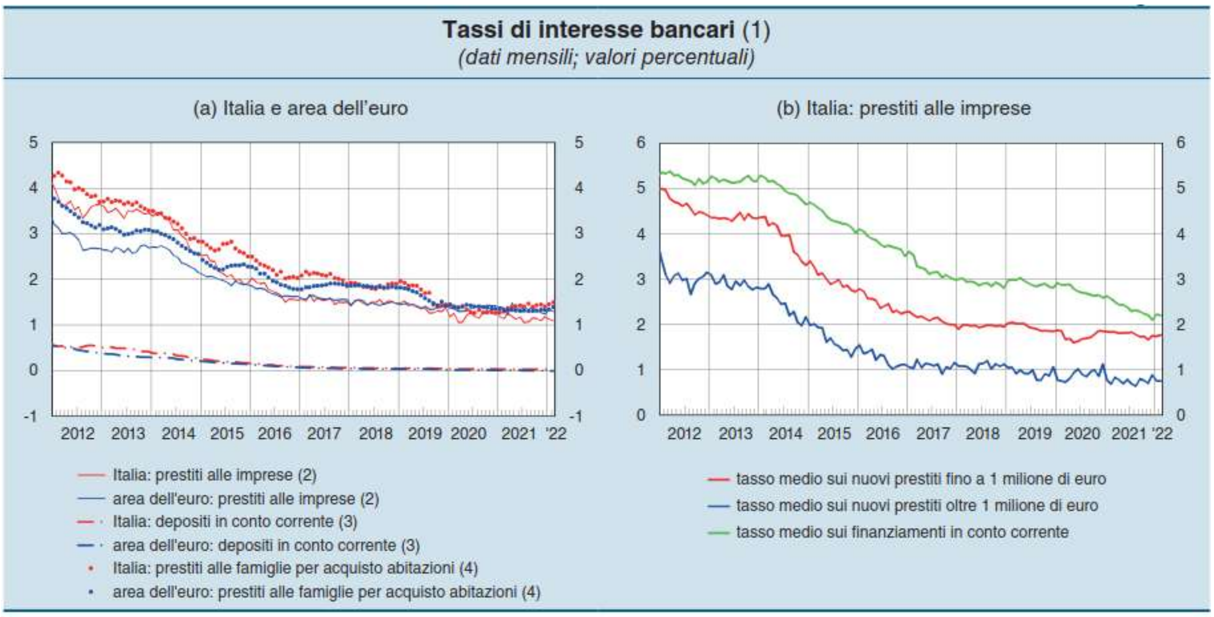
The annual rate of change in loans to households shows a significant increase in mortgages for the purchase of homes (5.1 per cent), against a still weak trend in consumer credit (1.5 per cent). The increase in loans to businesses strengthened in all sectors of economic activity.

Between November and February, bank funding remained stable. The dynamics of non-residents' deposits (4.6 per cent, from -5.0 in November) and of banks' liabilities to central counterparties (6.2 per cent from 0.3) improved, while bonds continued to contract and the growth of liabilities to the Eurosystem became more moderate. The cost of funding rose slightly, albeit at low levels.

Between November and February, the average interest rate on new bank loans to businesses remained stable (1.1 per cent); that on new mortgages to households for the purchase of homes increased by about one-tenth (1.5 per cent).

The results of the Bank Lending Survey in the euro area, conducted before the invasion of Ukraine and covering the fourth quarter of last year, indicate that Italian intermediaries' supply criteria for loans to businesses and households remained relaxed. On the other hand, the terms and conditions on approved loans tightened slightly in all segments, in particular due to an increase in the margins applied to riskier borrowers.

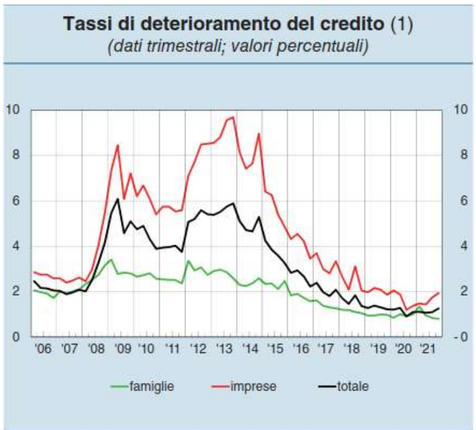
The most recent surveys conducted on companies by the Bank of Italy (Survey on inflation and growth expectations) and by ISTAT indicate a deterioration in the conditions of access to credit in the first quarter of the year.



Fonte: Banca d'Italia e BCE.
(1) Valori medi. I tassi sui prestiti e sui depositi si riferiscono a operazioni in euro e sono raccolti ed elaborati secondo la metodologia armonizzata dell'Eurosistema. – (2) Tasso sui nuovi prestiti alle imprese. – (3) Tasso sui depositi in conto corrente di famiglie e imprese. – (4) Tasso sui nuovi prestiti per l'acquisto di abitazioni da parte delle famiglie.

Source: Bank of Italy, Economic Bulletin no. 2/2022

In the fourth quarter of 2021, the ratio of new impaired loans to total loans increased to 1.3 per cent (from 1.1 in the third quarter, seasonally adjusted and year-on-year). For loans to non-financial companies, the indicator rose to 1.9 per cent (from 1.8), reflecting the increase in companies operating in the services and construction sectors; however, the ratio remained at historically low levels. The rate of deterioration of loans to consumer households stood stable at 0.8 per cent. Over the same period, the ratio of impaired loans to total loans granted by large banking groups decreased slightly, both before and after value adjustments. The coverage ratio (i.e. the ratio of adjustments to the amount of non-performing loans) rose by more than one percentage point.



Fonte: Centrale dei rischi.
(1) Flussi trimestrali di prestiti deteriorati rettificati in rapporto alle consistenze dei prestiti, al netto dei prestiti deteriorati rettificati, alla fine del trimestre precedente e in ragione d'anno. Dati depurati dalla componente stagionale, ove presente.

Source: Bank of Italy, Economic Bulletin no. 2/2022

In 2021, the profitability of significant groups has more than doubled. The growth in the annualised return on capital and reserves (return on equity, ROE), net of extraordinary components, mainly reflected the decrease in value adjustments on receivables. Net interest and other banking income increased, although revenues slowed down during the year. The increase in commissions and, to a lesser extent, revenues from trading activities more than offset the decrease in net interest income. Operating costs fell; the operating result increased by about a quarter. In the last quarter of 2021, the level of capitalisation of significant groups remained stable; the slight decrease in capital was offset by the decrease in risk-weighted assets.

At the end of last year, loans disbursed by Italian banks to residents in Russia, Belarus and the Ukraine amounted to EUR 19.3 billion (of which EUR 19.0 billion for Russia), equal to approximately 0.5% of assets. In Russia, the main beneficiaries were businesses, which received loans for EUR 14.5 billion; excluding foreign branches and subsidiaries, loans totalled approximately EUR 8 billion.

Factoring market – position as at 31 December 2021

The factoring market in 2021 reported a turnover of almost EUR 250 billion. The
turnover trend followed, in the second quarter, the rebound of the economic recovery, moving towards a consolidation of the growth rate in the second half of the year.
The turnover from supply chain finance transactions amounted to EUR 24.2 billion, up 22.15% compared to the previous year.
For 2022, sector operators are still expecting a continuation of growth, more moderate and close to 7% per year, after an expected positive first quarter.
In the fourth quarter of the year, there was a net change in advances of close to EUR +10 billion, which brings the advances disbursed to a total of more than EUR 51 billion, up 2% compared to 2020.
Purchases of trade receivables due from the public administration remained stable at almost EUR 27.7 billion
in 2021. Loans outstanding at the end of the year amounted to EUR 8.6 billion, of which EUR 3.4 billion
were past due.
Gross non-performing loans amounted to 4.17%. Bad loans remained at low levels of 1.9%.

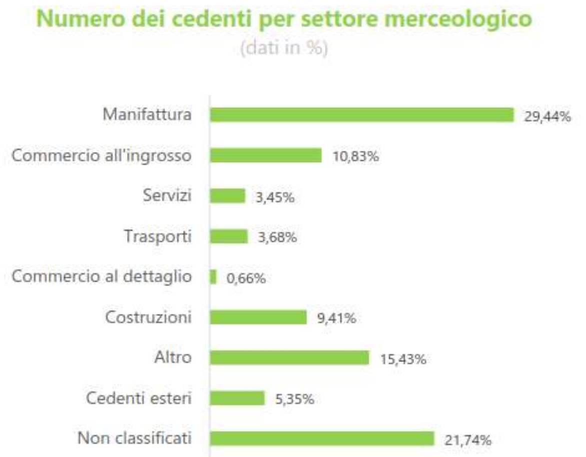
Dati in migliaia di euro		**Quota % sul totale**	**Var. % rispetto all'anno precedente**
Turnover Cumulativo	**250.629.550**		**10,01%**
Pro solvendo	52.689.996	21%	
Pro soluto	197.939.554	79%	
Outstanding	**65.599.552**		**5,41%**
Pro solvendo	16.856.816	26%	
Pro soluto	48.742.735	74%	
Anticipi e corrispettivi pagati	**51.440.505**		**2,19%**

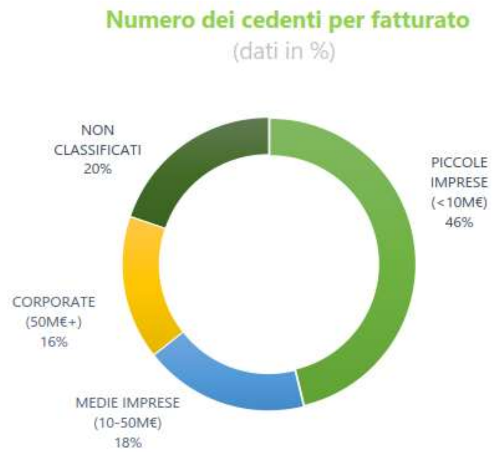
Source: Assifact, statistical circular 10-22 "Factoring in figures - Summary of December 2021 data". Values in thousands of Euros.

Turnover in 2021 shows a recovery in line with the general economic upturn.
In the second half of the year, the market consolidated the strong rebound of the second quarter, with monthly turnover accelerating in the last months of the year.
Also for the first quarter of 2022, operators expect turnover to continue to grow compared to the same period in 2021 (+8.59%).
For the year 2022 as a whole, the operators
on average, expect a positive growth (+ 6.84%).

Source: Assifact, statistical circular 10-22 "Factoring in figures – Summary of December 2021 data"

Over 32,000 companies use factoring, 64% of which are SMEs.
It is used predominantly in the manufacturing sector.

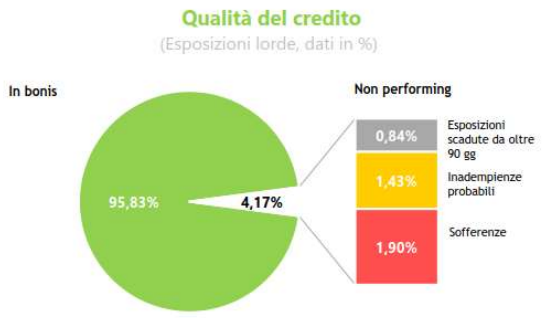


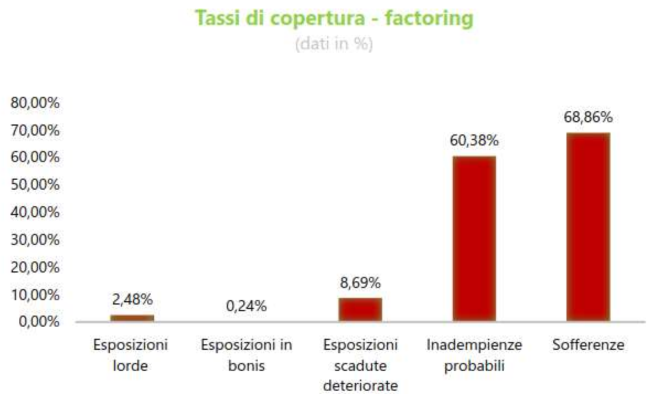


Source: Assifact, statistical circular 10-22 "Factoring in figures – Summary of December 2021 data"

Advances and fees paid, at EUR 51.44 billion, increased by almost EUR 10 billion
compared to September, in line with the usual seasonality of the fourth quarter.

Non-performing loans at the end of the year were down compared to September (around 4.17% compared to 5.13%), in particular thanks to the purchase of new loans in the last quarter, and were stable at the end of 2020. Bad loans represent approximately 1,9% of total gross exposure.
The policies for hedging non-performing loans are, as usual, very conservative with respect to
unlikely to pay and non-performing loans.





Source: Assifact, statistical circular 10-22 "Factoring in figures – Summary of December 2021 data"

Factoring market – monthly position in February 2022

Based on the latest monthly report available, at the end of February 2022, turnover in the first two months of the year was approximately EUR 35 billion, up by approximately 16% on the previous year. Outstanding amounts at the reporting date amounted to approximately EUR 57 billion, with growth of 10% on the previous year, while advances amounted to approximately EUR 42 billion (+ 7%).

Cred

Dati in migliaia di euro		Quota % sul totale	Var. % rispetto all'anno precedente
Turnover Cumulativo[1]	**35.709.768**		**15,57%**
Pro solvendo	8.938.691	25%	
Pro soluto	26.771.077	75%	
Outstanding	**57.009.938**		**10,08%**
Pro solvendo	16.231.354	28%	
Pro soluto	40.778.584	72%	
Anticipi e corrispettivi pagati	**42.218.579**		**6,93%**
[1] di cui Turnover riveniente da operazioni di Supply Chain Finance	**3.824.492**	**11%**	

Source: Assifact, "Factoring in figures - Summary of data for February 2022 (preliminary data)". Values in thousands of Euros.

Operating performance and result in the first quarter

Share capital

The share capital amounts to EUR 3,275,758 and is divided into no. 9,827,274 ordinary shares with unexpressed nominal value, pursuant to art. 2346 of the Italian Civil Code and art. 5 of the current Articles of Association. It is divided between two shareholders: "***GGH - GRUPPO GENERAL HOLDING S.R.L.***" ("**GGH**"), which holds no. 5,227,273 shares, equal to 53.19% of the share capital and "***CREDITO VALTELLINESE S.P.A.***" ("**CREVAL**"), which holds 4,600,001 shares, equal to 46.81% of the share capital.

The shares are registered and are transferable according to the rules set out in the Articles of Association. Pursuant to art. 2346, paragraph 1 of the Italian Civil Code, they are not represented by share certificates and the issuing of equity instruments is excluded. The status of shareholder is proven exclusively by the registration in the register of shareholders and the real restrictions on the shares are established by annotation in the register itself. In this regard, it should be noted that, on 29 June 2017, in execution of agreements between shareholders, GGH established a first degree pledge on 1,271,766 ordinary shares of Generalfinance owned by it (representing 12.94% of the share capital) in favour of the shareholder CREVAL, and that, on 20 January 2021 and in compliance with the provisions of the deed of incorporation of the pledge - CREVAL agreed to the release from restriction on 423,992 Generalfinance shares. As at today's date, therefore, the restriction continues to be in place on the additional 847,844 shares owned by GGH. However, it does not entail any limitation on the rights of GGH as, in derogation from art. 2352 of the Italian Civil Code, the right to vote on the shares encumbered by the pledge is regularly exercised by GGH, both in ordinary and extraordinary shareholders' meetings. Similarly, the Parent Company maintained the right to receive any amount due from Generalfinance in relation to the shares encumbered by the pledge.

Financial Group

From 11 September 2017 to 15 February 2022, Generalfinance was part of GFG Gruppo Finanziario General ("GFG"), which included within its scope Generalfinance S.p.A. e GGH - Gruppo General Holding S.r.l. ("GGH"), the latter as the Parent Company. On 23 December 2021, GGH made a formal application to the Bank of Italy requesting the deletion of GFG from the register of financial groups and the consequent exemption of GGH from the role of Parent Company of a financial group, pursuant to Article 109 of the Consolidated Banking Act (TUB) and Bank of Italy Circular no. 288 of 3 April 2015 (Title I, Chapter 2, Section IV). On 1 February 2022, the Bank of Italy accepted the request made by GGH and on 15 February 2022, GFG was deleted from the register of financial groups. Therefore, as of the date of GFG's delisting from the financial groups' register, Generalfinance S.p.A. is no longer part of GFG Gruppo Finanziario General (no longer in existence) and GGH no longer holds the role of parent company of a financial group, nor does it carry out management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code in respect of Generalfinance S.p.A.

Transactions affecting the corporate structure

During the year 2021, there were no transactions affecting the corporate structure. However, it should be noted that, due to the merger by incorporation, more detailed in the next paragraph "*Significant events after the end of the quarter*", to which reference should be made, as from 24 April 2022, Crédit Agricole Italia S.p.A. took over Credito Valtellinese S.p.A. as owner of the equity investment already held by the latter in Generalfinance S.p.A.. As a result, as of today's date, the subscribed and paid-in share capital of Generalfinance S.p.A. is divided as follows:

Shareholder	Number of Shares	% of share capital
GGH - Gruppo General Holding S.r.l.	5,227,273	53.19%
Crédit Agricole Italia S.p.A.	4,600,001	46.81%
Total	**9,827,274**	**100.00%**

Performance indicators

Generalfinance closed the first quarter of 2022 with a net profit of EUR 2.7 million (+ 21% compared to 31 March 2021) and further growth in the area of *distressed financing*. Turnover reached EUR 432 million (+80%) with EUR 359 million disbursed (+83%).

In order to provide a clear and immediate view of the Company's economic performance, the following tables show some indicators for the year, compared with the figures for the previous year.

Main reclassified income statement data (in thousands of Euro)

Income for:	**31/03/2022**	**31/03/2021**	**Change**
- Interest margin	1,809	1,297	+39%
- Net fee and commission income	5,155	3,907	+32%
- Net interest and other banking income	6,964	5,207	+34%
- Operating costs	-2,803	-1,922	+46%
- Pre-tax profit from current operations	4,126	3,364	+23%
- Profit for the year	2,723	2,244	+21%

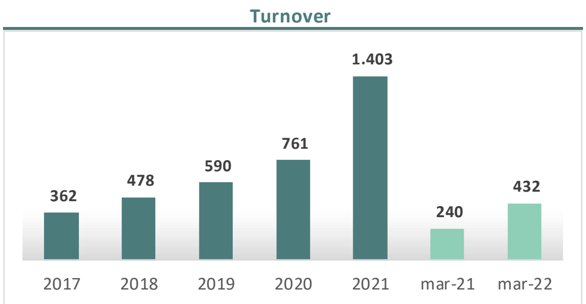
	31/03/2022	**31/03/2021**
Cost/Income ratio (%)	40%	37%
ROE (%)	40%	44%
Net interest income/Net interest and other banking income (%)	26%	25%
Net fee and commission income/Net interest and other banking income (%)	74%	75%

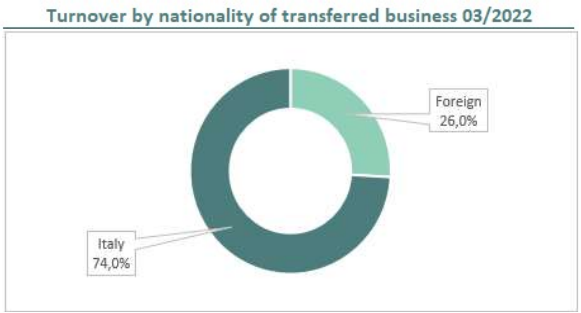
These results are particularly significant as they were achieved in a challenging financial year marked – still partially – by the Covid-19 health emergency and, above all, by the conflict between Russia and Ukraine, which weighed on the overall macroeconomic picture.

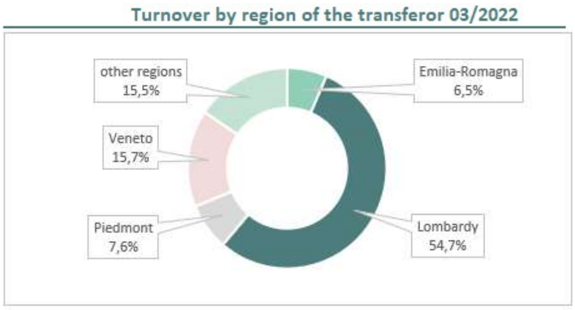
Turnover

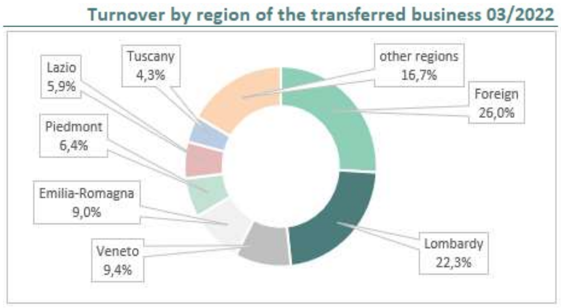
Turnover as at 31 March 2022 reached EUR 432 million, up 80% compared to the first quarter of 2021. With reference to the annual "rolling" turnover (April 2021 - March 2022), the breakdown by nationality of the transferred debtors shows an increasing relative weight of international *factoring*, which accounts for roughly 26% of business volumes, with significant diversification by country, reflecting the high level of service that the Company is able to provide to export-oriented customers.

A look at the Transferors' registered offices show that the Company has a deeply rooted presence in the North of the country, with a particular focus on Lombardy (54.7% of turnover), Piedmont (7.6%), Veneto (15.7%) and Emilia-Romagna (6.5%). Overall, these four regions account for approximately 84,5% of turnover, highlighting the significant presence of Generalfinance in the most productive areas of the country.

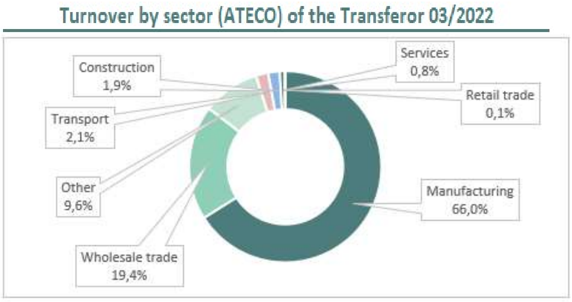


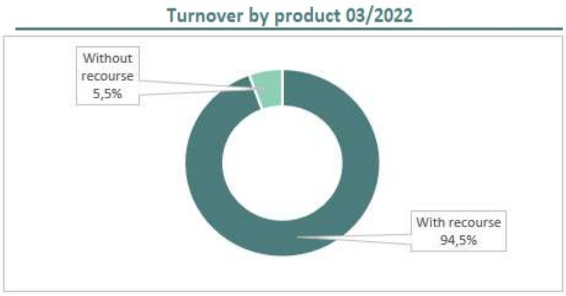






From a sector point of view, manufacturing represents the most important portion of turnover, with approximately 66%; this positioning is consistent with the "DNA" of Generalfinance as a reference factor for manufacturing SMEs affected by turnaround processes. The activity is mainly represented by factoring with recourse, which accounts for approximately 94,5% of volumes, with a residual portion of factoring without recourse.





Lastly, approximately 78% of the turnover is generated with regard to "distressed" transferors, i.e. those engaged in restructuring projects (arrangement with creditors, recovery plan, restructuring agreement, extraordinary administration and new.co within the context of turnaround plans).

Economic data

Net interest income amounted to EUR 1.8 million, a significant increase (+39%) compared to the first quarter of 2021, thanks in particular to the growth in loans granted.

Net fee and commission income amounted to EUR 5.2 million, up from EUR 3.9 million in Q1 2021 (+32%). The trend in these two aggregates was affected by the particularly positive trend in turnover (+ 80% over the previous year), reflecting the excellent commercial and operating performance of the Company.

Net interest and other banking income amounted to approximately EUR 7 million (+ 34%) while operating costs, equal to EUR 2.8 million, represented a 46% increase.

Taking into account the particularly low cost of risk (net value adjustments of EUR 0.03 million) and taxes of EUR 1.4 million, the net result for the period was EUR 2.7 million (+21%) compared to EUR 2.2 million recorded in the first quarter of 2021.

Balance sheet and asset quality data

Net loans to customers amounted to EUR 333.1 million, up 4% compared to 31 December 2021. The disbursement rate increased from 80% in 2021 to 83% in the first quarter of 2022, while the average number of days of credit of 78 was essentially stable compared to the 2021 figure (79).

Within the aggregate of loans, total gross non-performing loans amounted to EUR 1.5 million, with a gross NPE ratio of approximately 0.44%. The coverage of non-performing loans stood at around 25%.

Cash and cash equivalents - largely represented by loans to banks - amounted to approximately EUR 46.2 million - reflecting the prudent profile of liquidity management - while total assets amounted to EUR 390.5 million in the financial statements, compared to EUR 365.3 million at the end of 2021.

Property, plant and equipment amounted to EUR 4.8 million, compared to approximately EUR 4.9 million in 2021.

Financial liabilities measured at amortised cost, equal to EUR 336.6 million, are made up of payables of EUR 300.5 million and securities issued of EUR 36.1 million.
Payables are mainly represented by the pool loan stipulated in January 2019, renewed in 2021, with some Italian banks, in addition to the other bilateral lines with banks and factoring companies. In addition, the item includes the payable to the BNP Paribas group relating to the securitisation transaction concluded in December 2021.
The securities consist of two subordinated bonds issued in the second half of 2021, in addition to the outstanding commercial papers.

Shareholders' equity and capital ratios
Shareholders' equity as at 31 March 2022 amounted to EUR 30 million, compared to EUR 32 million as at 31 December 2021.
The capital ratios of Generalfinance show the following values:

- 9.5% CET1 ratio;
- 9.5% TIER1 ratio;
- 13,6% Total Capital ratio.

The ratios are well above the minimum regulatory values set forth in Bank of Italy Circular no. 288 of 3 April 2015.

Transactions with related parties
The terms of the transactions carried out with related parties are reported in the explanatory notes, to which reference is made for any information in this regard.

Significant events after the end of the quarter

As a result of the merger by incorporation of Credito Valtellinese S.p.A. into Crédit Agricole Italia S.p.A, pursuant to the deed signed on 12 April 2022 – finalised in compliance with the resolutions adopted by the Boards of Directors of the two banks, respectively on 01 February and 08 February 2022 – as from 24 April 2022 (effective date of the transaction) Crédit Agricole Italia S.p.A. took over all the legal assets and liabilities of Credito Valtellinese S.p.A. As a result, starting from 24 April 2022, Crédit Agricole Italia S.p.A. succeeded Credito Valtellinese S.p.A. as owner of the equity investment already held by the latter in Generalfinance S.p.A.
As a result of the above, to date, the subscribed and paid-up share capital of Generalfinance S.p.A. can be broken down as follows:

Shareholder	Number of Shares	% of share capital
GGH - Gruppo General Holding S.r.l.	5,227,273	53.19%
Crédit Agricole Italia S.p.A.	4,600,001	46.81%
Total	**9,827,274**	**100.00%**

Finally, in April, the Company proceeded to fully sell the shares held in Banco BPM S.p.A., at a value substantially in line with the book value as at 31 March 2022 (EUR 8,115).

Business outlook

The trend of commercial activity in the first quarter of 2022 - trend in turnover, disbursements and the customer base - is a positive factor in the pursuit of further growth results compared to those achieved in 2021, in line with the budget defined for the current year.
Moreover, in the current context, the possible further impacts, particularly on the business system, of the Coronavirus epidemic and, above all, the effects of the ongoing conflict between Russia and Ukraine, must be taken into account.

Interim Financial Statements

FINANCIAL STATEMENTS

BALANCE SHEET - FINANCIAL INTERMEDIARIES
(values in Euro)

	Asset items	31/03/2022		31/12/2021	
10.	Cash and cash equivalents		46,211,215		33,458,171
20.	Financial assets measured at fair value through profit or loss		28,569		28,415
	c) other financial assets mandatorily measured at fair value	*28,569*		*28,415*	
40.	Financial assets measured at amortised cost		333,107,946		321,043,769
	c) loans to customers	*333,107,946*		*321,043,769*	
80.	Property, plant and equipment		4,802,330		4,922,460
90.	Intangible assets		1,673,603		1,670,567
	- of which goodwill	*0*		*0*	
100.	Tax assets		1,177,637		1,191,075
	a) current	*913,771*		*927,209*	
	b) deferred	*263,866*		*263,866*	
120.	Other assets		3,521,386		2,954,436
Total assets			**390,522,686**		**365,268,893**

	Liabilities and shareholders' equity items	31/03/2022		31/12/2021	
10.	Financial liabilities measured at amortised cost		336,639,645		314,640,957
	a) payables	*300,507,404*		*283,616,382*	
	b) securities issued	*36,132,241*		*31,024,575*	
60.	Tax liabilities		3,000,591		1,234,511
	a) current	*3,000,591*		*1,234,511*	
80.	Other liabilities		19,236,449		15,797,060
90.	Severance pay		1,403,676		1,353,695
100.	Provisions for risks and charges		279,710		276,528
	b) pension and similar obligations	*121,634*		*118,452*	
	c) other provisions for risks and charges	*158,076*		*158,076*	
110.	Share capital		3,275,758		3,275,758
140.	Share premium reserve		7,828,952		7,828,952
150.	Reserves		16,171,811		11,445,129
160.	Valuation reserves		(37,061)		(37,061)
170.	Profit (loss) for the year		2,723,155		9,453,364
Total liabilities and shareholders' equity			**390,522,686**		**365,268,893**

INCOME STATEMENT - FINANCIAL INTERMEDIARIES
(values in Euro)

	Items		31/03/2022		31/03/2021
10.	Interest income and similar income		3,099,327		1,812,818
20.	Interest expense and similar charges		(1,290,277)		(515,370)
30.	**Interest margin**		**1,809,050**		**1,297,448**
40.	Fee and commission income		6,266,235		4,550,978
50.	Commission liabilities		(1,111,117)		(643,603)
60.	**Net fee and commission income**		**5,155,118**		**3,907,375**
80.	Net profit (loss) from trading		(323)		(174)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss		154		1,927
	b) other financial assets mandatorily measured at fair value	*154*		*1,927*	
120.	**Net interest and other banking income**		**6,963,999**		**5,206,576**
130.	Net value adjustments/write-backs for credit risk of:		(35,486)		78,993
	a) financial assets measured at amortised cost	*(35,486)*		*78,993*	
150.	**Net profit (loss) from financial management**		**6,928,513**		**5,285,569**
160.	Administrative expenses		(2,442,367)		(1,885,271)
	a) personnel expenses	*(1,374,738)*		*(1,239,933)*	
	b) other administrative expenses	*(1,067,629)*		*(645,338)*	
170.	Net provisions for risks and charges		(3,182)		(1,881)
	b) other net provisions	*(3,182)*		*(1,881)*	
180.	Net value adjustments/write-backs on property, plant and equipment		(177,516)		(170,903)
190.	Net value adjustments/write-backs on intangible assets		(76,708)		(48,821)
200.	Other operating income and expenses		(102,746)		185,053
210.	**Operating costs**		**(2,802,519)**		**(1,921,823)**
260.	**Pre-tax profit (loss) from current operations**		**4,125,994**		**3,363,746**
270.	Income taxes for the year on current operations		(1,402,839)		(1,120,128)
280.	**Profit (loss) from current operations after tax**		**2,723,155**		**2,243,618**
300.	**Profit (loss) for the year**		**2,723,155**		**2,243,618**

STATEMENT OF COMPREHENSIVE INCOME - FINANCIAL INTERMEDIARIES
(values in Euro)

	Asset items	31/03/2022	31/03/2021
10.	**Profit (loss) for the year**	**2,723,155**	**2,243,618**
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities designated at fair value through other comprehensive income	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	-	-
80.	Non-current assets and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
	Other income components net of taxes with reversal to the income statement		
100.	Hedging of foreign investments	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedging	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
150.	Non-current assets and disposal groups	-	-
160.	Portion of valuation reserves of equity-accounted investments	-	-
170.	**Total other income components net of taxes**	**-**	**-**
180.	**Comprehensive income (Item 10 + 170)**	**2,723,155**	**2,243,618**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31/03/2022 - FINANCIAL INTERMEDIARIES
(values in Euro)

	Balance as at 31/12/2021	Change in opening balances	Balance as at 01/01/2022	Allocation of previous year's result		Changes in the year						Comprehensive income first quarter 2022	Equity as at 31/03/2022
							Shareholders' equity transactions						
				Reserves	Dividends and other allocations	Changes in reserves	New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes		
Share capital	3,275,758	-	3,275,758	-	-	-	-	-	-	-	-	-	3,275,758
Share premium reserve	7,828,952	-	7,828,952	-	-	-	-	-	-	-	-	-	7,828,952
Reserves													
a) of profits	11,105,611	-	11,105,611	4,726,682	-	-	-	-	-	-	-	-	15,832,293
b) others	339,518	-	339,518	-	-	-	-	-	-	-	-	-	339,518
Valuation reserves	(37,061)	-	(37,061)	-	-	-	-	-	-	-	-	-	(37,061)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	9,453,364	-	9,453,364	(4,726,682)	(4,726,682)	-	-	-	-	-	-	2,723,155	2,723,155
Shareholders' equity	31,966,142	-	31,966,142	-	(4,726,682)	-	-	-	-	-	-	2,723,155	29,962,615

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31/03/2021 - FINANCIAL INTERMEDIARIES
(values in Euro)

	Balance as at 31/12/2020	Change in opening balances	Balance as at 01/01/2021	Allocation of previous year's result		Changes in the year							Comprehensive income in the first quarter of 2021	Equity as at 31/03/2021
							Shareholders' equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes			
Share capital	3,275,758	-	3,275,758	-	-	-	-	-	-	-	-		-	3,275,758
Share premium reserve	5,837,550	-	5,837,550	-	-	-	-	-	-	-	-		-	5,837,550
Reserves														
a) of profits	7,908,856	-	7,908,856	3,196,755	-	-	-	-	-	-	-		-	11,105,611
b) others	339,518	-	339,518	-	-	-	-	-	-	-	-		-	339,518
Valuation reserves	(125,386)	-	(125,386)	-	-	-	-	-	-	-	-		-	(125,386)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-		-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-		-	-
Profit (loss) for the year	5,327,925	-	5,327,925	(3,196,755)	(2,131,170)	-	-	-	-	-	-		2,243,618	2,243,618
Shareholders' equity	22,564,221	-	22,564,221	-	(2,131,170)	-	-	-	-	-	-		2,243,618	22,676,669

CASH FLOW STATEMENT - FINANCIAL INTERMEDIARIES (indirect method)

(values in Euro)

A. OPERATING ACTIVITIES	Amount	
	31/03/2022	31/03/2021
1. Management	**5,324,284**	**3,703,831**
- profit (loss) for the year (+/-)	2,723,155	2,243,618
- gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	(154)	(1,927)
- gains/losses on hedging activities (-/+)	-	-
- net value adjustments for credit risk (+/-)	35,486	(78,993)
- net value adjustments to property, plant and equipment and intangible assets (+/-)	254,224	219,724
- net provisions for risks and charges and other costs/revenues (+/-)	324,459	7,744
- unpaid taxes, duties and tax credits (+/-)	1,402,839	1,120,128
- net value adjustments to discontinued operations net of tax effect (+/-)	-	-
- other adjustments (+/-)	584,275	193,537
2. Liquidity generated/absorbed by financial assets	**(12,919,755)**	**(3,403,478)**
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
- financial assets measured at *fair value* through other comprehensive income	-	-
- financial assets measured at amortised cost	(12,099,408)	(3,213,017)
- other assets	(820,347)	(190,461)
3. Cash flow generated/absorbed by financial liabilities	**25,186,226**	**1,212,170**
- financial liabilities measured at amortised cost	21,438,665	407,125
- financial liabilities held for trading	-	-
- financial liabilities designated at *fair value*	-	-
- other liabilities	3,747,561	805,045
Net cash flow generated/absorbed by operating activities	**17,590,755**	**1,512,523**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	**600**	**105**
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales of property, plant and equipment	600	105
- sales of intangible assets	-	-
- sales of business units	-	-
2. Liquidity absorbed by	**(111,372)**	**(208,638)**
- purchases of equity investments	-	-
- purchases of property, plant and equipment	(57,816)	(108,492)
- purchases of intangible assets	(53,556)	(100,146)
- purchases of business units	-	-
Net cash flow generated/absorbed by investment activities	**(110,772)**	**(208,533)**
C. FUNDING ACTIVITIES		
- issues / purchases of treasury shares	-	-
- issues / purchases of equity instruments	-	-
- distribution of dividends and other purposes	(4,726,682)	(2,131,170)
Net cash flow generated/absorbed by funding activities	**(4,726,682)**	**(2,131,170)**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**12,753,301**	**(827,180)**

RECONCILIATION	Amount	
	31/03/2022	31/03/2021
Cash and cash equivalents at the beginning of the year	33,458,839	24,205,475
Total net cash flow generated/absorbed during the year	12,753,301	(827,180)
Cash and cash equivalents: effect of changes in exchange rates	0	0
Cash and cash equivalents at the end of the year	**46,212,140**	**23,378,295**

Explanatory notes

PART A - ACCOUNTING POLICIES

A.1 - GENERAL PART

Section 1 - Statement of compliance with International Accounting Standards

These condensed interim financial statements of Generalfinance S.p.A. as at 31 March 2022 were prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), approved by the European Commission pursuant to EU Regulation no. 1606 of 19 July 2002, taking into account the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRC) in force at the reporting date.

The condensed interim financial statements were prepared according to the formats and instructions issued by the Bank of Italy on 29 October 2021, and issued in compliance with the provisions of art. 9 of Legislative Decree no. 38/2005 and subsequent amendments to the law. With reference to the Explanatory Notes, the above instructions apply to the information included in accordance with the provisions of the international accounting standard for interim financial reporting (IAS 34), with which these financial statements comply. In particular, the Company has availed itself of the right to prepare these financial statements in a condensed form.

The condensed interim financial statements as at 31 March 2022 do not disclose all the information required in the annual financial statements. For this reason, it is necessary to read these financial statements together with the financial statements as at 31 December 2021. The recognition and measurement criteria adopted for the preparation of the condensed interim financial statements as at 31 March 2022 are those used for the preparation of the 2021 financial statements, supplemented with the accounting standards endorsed by the European Union and applicable as at 1 January 2022, which are detailed in the Explanatory Notes for the year ended 31 December 2021, to which reference should be made.

The legislation also refers to specific provisions on the determination of non-performing items contained in Circular no. 217 of 5 August 1996 and subsequent updates.

The condensed interim financial statements, accompanied by the related Report on Operations, consist of the following documents:

- Balance Sheet and Income Statement;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Cash flow statement;
- Explanatory Notes.

The condensed interim financial statements are also completed by the relative comparative information as required by IAS 1 and are drawn up on a going concern basis, measured by taking into account present and future income and financial prospects.

The amounts shown in the financial statements and in the tables of the Explanatory notes are expressed in Euro.

Section 2 - General drafting principles

These financial statements, drawn up in units of Euro, are based on the application of the following general drafting principles set forth in IAS 1.

1) Going concern. The financial statements have been prepared on a going concern basis: therefore, assets, liabilities and "off-balance sheet" transactions are measured according to operating values.

2) Accrual principle. Costs and revenues are recognised, regardless of the time of their monetary payment/collection, by period of economic accrual and according to the correlation criterion.

3) Consistency of presentation. Presentation and classification of items are kept constant over time in order to ensure comparability of information, unless their change is required by an International Accounting Standard or an interpretation or it makes the representation of values more appropriate, in terms of significance and reliability. If a presentation or classification criterion is changed, the new one is applied - where possible - retroactively; in this case, the nature and reason for the change are also indicated, as well as the items concerned. In the presentation and classification of the items, the formats represented by the Bank of Italy in the instructions for "Financial statements of IFRS intermediaries other than banking intermediaries" are adopted as represented in the regulations issued on 29 October 2021.

4) Aggregation and relevance. All significant groupings of items with a similar nature or function are reported separately. The elements of a different nature or function, if relevant, are presented separately.

5) Prohibition of offsetting. Assets and liabilities, costs and revenues are not offset against each other, unless this is required or permitted by an International Accounting Standard or an interpretation or by the schedules prepared by the Bank of Italy and represented in the instructions for "The financial statements of IFRS intermediaries other than banking intermediaries".

<u>6) Comparative information</u>. The comparative information for the previous year is shown for the figures reported in the balance sheet, while with regard to the other statements, the comparison with the figures for the corresponding period of the previous year is shown as required by IAS 34.

As mentioned above, these financial statements were prepared on the basis of international accounting standards approved by the European Commission; in addition, to support the application, the ESMA (European Securities and Markets Authority) documents were used and in particular the document published on 22 October 2019, the public statement "European common enforcement priorities for 2019 annual financial reports" which refers to the application of specific provisions in the IFRS, also requiring the provision of specific information in the event of certain transactions.

In preparing the financial statements, the following was also taken into account:
- the communication of the Bank of Italy of 21 December 2021 entitled - Update of the additions to the provisions of the Measure "The financial statements of IFRS intermediaries other than banking intermediaries" concerning the impacts of COVID-19 and measures to support the economy - with which the Bank of Italy intended to supplement the provisions governing the formats and rules for drawing up the financial statements of IFRS intermediaries other than banking intermediaries to provide the market with information on the effects that COVID-19 and the economic support measures had on risk management strategies, objectives and policies, as well as on the financial position of intermediaries;
documents of an interpretative nature and supporting the application of accounting standards in relation to the impacts of COVID-19, issued by European regulatory and supervisory bodies and by standard setters. These include:

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

As regards, in particular, the quantitative disclosure, this is limited to loans, subject to "moratoria" or other forbearance measures in place at the reporting date, or which constitute new liquidity granted with the support of public guarantees.

In this regard, it should be noted that the activities of Generalfinance were not affected by the cases indicated above, given the particular nature of the technical form in which it disbursed loans; factoring, since it is a revolving relationship without an amortisation plan, can hardly be the subject of measures designed primarily with reference to medium/long-term loans. In the first quarter of 2022, the Company, therefore, did not approve moratoria on existing loans, did not grant changes to the loan agreements as a result of COVID-19 and did not disburse loans backed by the State guarantee. However, it was willing to reschedule certain deadlines in order to facilitate transferred debtors and transferors, with some rescheduling of trade receivables, almost all of which returned to normal conditions and were collected at the reporting date.

Section 3 - Events after the reporting date of the condensed financial statements

No events or circumstances have occurred since the end of the first quarter of the financial year 2022 that would appreciably alter what has been presented in these financial statements.

It should also be noted that, during the month of April, the Company received a request from INPS for the amounts set aside in the special provision for risks, details of which are provided in "Part B – Information on the Balance Sheet – Liabilities – Section 10 – Provisions for risks and charges - Item 100".

Payment of the amounts ascertained will be made within 90 days of receipt of the request.

Pursuant to IAS 10, the date on which these financial statements were authorised for publication by the Company's Directors is 29 April 2022.

Section 4 - Other aspects

Risks and uncertainties associated with the use of estimates

The preparation of the financial statements requires the use of estimates and assumptions that may have significant effects on the values recorded in the balance sheet and in the income statement, as well as on the disclosure relating to contingent assets and liabilities reported in the financial statements.

The preparation of these estimates involves the use of available information and the adoption of subjective judgements, also based on historical experience, used in order to formulate reasonable assumptions for the recognition of operating events.

Due to their very nature, the estimates and assumptions used may vary from period to period, therefore it cannot be excluded that the current values recorded in the financial statements may differ significantly as a result of the change in the subjective judgements used.

The cases for which the use of subjective judgements was required in the preparation of these financial statements concern:

- estimates and assumptions on deferred tax assets whose recoverability is connected with the Company's ability to generate profits;
- the quantification of impairment losses on financial assets measured at amortised cost;
- the quantification of provisions for personnel and provisions for risks and charges and tax liabilities.

With reference to certain cases indicated above and in consideration of the current financial and economic situation, it was deemed appropriate to provide adequate information in "Part D - Other information" regarding the reasons underlying the decisions made, the assessments carried out and the estimation criteria adopted in application of international accounting standards.

Risks, uncertainties and impacts of the COVID-19 epidemic

In preparing the financial statements, the changes in accounting estimates related to COVID-19 did not have a significant effect in the quarter and are not expected to have an effect in future periods.

It should be noted that, in terms of business continuity, despite the period of uncertainty linked to the COVID-19 pandemic, there are no reasons to believe the opposite is plausible in the foreseeable future.

The equity and financial structure, as well as the growth trend recorded during the current period, are unmitigated confirmations in this regard.

National tax consolidation

It should be noted that in the tax years 2018, 2019, 2020 and 2021, Generalfinance has adhered to the national tax consolidation with MGH - Massimo Gianolli Holding S.r.l., as consolidating company, and GGH - Gruppo General Holding S.r.l. and Generalbroker S.r.l., as consolidated together with the same Company, by virtue of the control relationship exercised by MGH over Generalfinance through GGH. Following audits carried out during the year, it emerged that the size of MGH's indirect shareholding in Generalfinance is not sufficient to meet the requirements of the relevant tax legislation, including, among other things, the requirement that the consolidating company must hold a shareholding in the consolidated company of more than 50% of the relevant share capital, taking into account the so-called demultiplication effect in the case of indirect shareholdings. With reference to the 2018, 2019, 2020 and 2021 tax periods (during which the tax consolidation regime was applied), Generalfinance is exposed to the risk that the tax authorities may not recognise the effectiveness of the tax consolidation option for the above-mentioned tax periods. Generalfinance may have to pay the amounts related to (a) any penalties and related interest accrued in relation to the higher tax owed by Generalfinance, estimated at approximately EUR 55 thousand, taking into account the provisions of Circular No. 3/E of 21 February 2014 of the Italian Revenue Agency; and (b) the higher tax owed, estimated at approximately EUR 308 thousand (without prejudice to the possibility of recourse to the consolidating company in relation to the higher tax owed). These effects were fully incorporated in the interim financial report as at 31 March 2022.

Contractual changes resulting from COVID-19

1) Contractual amendments and derecognition (IFRS 9)

During the period, no contractual changes were applied to Generalfinance customers related to the measures put in place by the government, trade associations and individual intermediaries in the face of the COVID-19 pandemic.

2) Amendment to IFRS 16

With reference to lease contracts, the practical expedient envisaged by Regulation (EU) no. 1434/2020 and Regulation (EU) no. 2021/1421 was not applied.

A. 2 – PART RELATING TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

The accounting policies adopted for the preparation of these condensed financial statements as at 31 March 2022, with reference to the stages of classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the methods of recognising costs and revenues, remained unchanged from those adopted for the financial statements as at 31 December 2021, to which reference should therefore be made.

A.3 INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the quarter, the Company did not carry out any transfers between portfolios of financial assets.

A.4 INFORMATION ON FAIR VALUE

Qualitative information

This section includes the disclosure on fair value as required by IFRS 13.

In accordance with the provisions of international accounting standards, the Company determines the fair value to the extent of the consideration with which two independent and knowledgeable market counterparties would be willing, at the reporting date, to conclude a transaction targeted at the sale of an asset or the transfer of a liability.

The international accounting standards reclassify the fair value of financial instruments on three levels based on the inputs recorded by the markets and more precisely:

- level 1: listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs other than the listed prices included in Level 1, directly or indirectly observable for the asset or liability. The prices of the assets or liabilities are derived from the market prices of similar assets or through valuation techniques for which all significant factors are derived from observable market data;
- level 3: unobservable inputs for the asset or liability. The prices of the assets or liabilities are inferred using valuation techniques that are based on data processed using the best information available on assumptions that market participants would use to determine the price of the asset or liability (therefore, it involves estimates and assumptions by management).

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

The Company's assets consist mainly of trade receivables sold without recourse and advances paid for trade receivables sold as part of the regulations set forth in Law no. 52 of 21 February 1991.

The fair value measurement method most appropriate for transferred loans and advances granted is to recognise the present value on the basis of discounted future cash flows, using a rate, normally corresponding to the effective rate of the relationship agreed with the assigning counterparty. This rate also takes into account the other components of the transaction cost.

It should also be noted that the loans transferred and the advances granted normally have a short-term maturity and the rate of the relations tends to be variable.

For these reasons, it is possible to state that the fair value of the receivables is similar to the value of the transaction represented by the nominal amount of the receivables sold in the case of a transaction without recourse or by the amount of the advances granted and therefore it is reclassified in the absence of external inputs only at level 3.

Liabilities in the financial statements consist mainly of financial payables due to the banking system, which have the characteristic of short-term liabilities, whose fair value corresponds to the value of the amounts or provisions collected by the Company.

These items are placed hierarchically at the third level as they are governed by private contractual agreements agreed from time to time with the respective counterparties and, therefore, are not reflected in prices or parameters observable on the market.

A.4.2 Evaluation processes and sensitivity

The fair value of the loans sold and the advances granted may undergo changes due to any losses that may arise due to factors that determine their partial or total non-collectability.

A.4.3 Fair value hierarchy

The financial statements present financial assets measured at fair value on a recurring basis. These are financial assets measured at fair value through profit or loss - mandatorily measured at fair value, represented by minority interests in banks and financial companies.

Quantitative information

A.4.5 Fair value hierarchy

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

Assets/Liabilities measured at fair value	Total 31/03/2022			Total 31/12/2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	8,269	-	20,300	8,115	-	20,300
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	8,269	-	20,300	8,115	-	20,300
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**8,269**	**-**	**20,300**	**8,115**	**-**	**20,300**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

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 financial assets mandatorily measured at fair value				
1. Opening balance	**20,300**	**-**	**-**	**20,300**	**-**	**-**	**-**	**-**
2. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits allocated to:	-	-	-	-	-	-	-	-
2.2.1. Income statement	-	-	-	-	-	-	-	-
of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	X	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Refunds	-	-	-	-	-	-	-	-
3.3. Losses allocated to:	-	-	-	-	-	-	-	-
3.3.1. Income statement	-	-	-	-	-	-	-	-
of which capital losses	-	-	-	-	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	X	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**20,300**	**-**	**-**	**20,300**	**-**	**-**	**-**	**-**

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 levels

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 31/03/2022				Total 31/12/2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	333,107,946	-	-	333,107,946	321,043,769	-	-	321,043,769
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	**333,107,946**	**-**	**-**	**333,107,946**	**321,043,769**	**-**	**-**	**321,043,769**
1. Financial liabilities measured at amortised cost	336,639,645	-	-	336,639,645	314,640,957	-	-	314,640,957
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**336,639,645**	**-**	**-**	**336,639,645**	**314,640,957**	**-**	**-**	**314,640,957**

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

A.5 INFORMATION ON THE SO-CALLED "DAY ONE PROFIT / LOSS"

The Company does not carry out transactions involving losses / profits as established by IFRS 7 par. 28.

PART B - INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 - Cash and cash equivalents - Item 10

Breakdown of item 10 "Cash and cash equivalents"

Items/Values	Total 31/03/2022	Total 31/12/2021
Cash	2,687	1,710
Current accounts and demand deposits with Banks	46,208,528	33,456,461
Total	**46,211,215**	**33,458,171**

The amount of EUR 46.208.528 is made up of temporary liquidity deposits with credit institutions.
It should be noted that, on 29 January 2019, at the same time as the signing of a medium/long-term loan agreement with a pool of banks, the company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.
As at 31 March 2022, the credit balance of the current accounts subject to the pledge amounted to EUR 23,383,892, while the payable relating to the loan, including interest payable, amounted to EUR 133,275,852.

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

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

Items/Values	Total 31/03/2022			Total 31/12/2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**8,269**	**-**	**20,300**	**8,115**	**-**	**20,300**
3. UCITS units	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	**8,269**	**-**	**20,300**	**8,115**	**-**	**20,300**

The amount classified in Level 1 refers to the shares of Banco BPM whose value was adjusted on the basis of the market value as at 31 March 2022.
The amount classified in Level 3 refers to the shares of Rete Fidi Liguria, the shares of Confidi Sardegna, whose valuation is subject to periodic verification on the basis of internal methods.

Section 4 - Financial assets measured at amortised cost - Item 40

4.3 "Financial assets measured at amortised cost: breakdown by type of loans to customers

Composition	Total 31/03/2022						Total 31/12/2021					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	purchased or originated impaired	L1	L2	L3
1. Loans	**332,010,313**	**1,097,538**	**95**	**-**	**-**	**333,107,946**	**320,648,251**	**395,423**	**95**	**-**	**-**	**321,043,769**
1.1 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	332,010,313	1,097,538	95	-	-	333,107,946	320,648,251	395,423	95	-	-	321,043,769
- with recourse	317,758,394	1,097,538	-	-	-	318,855,932	307,303,491	395,423	-	-	-	307,698,914
- without recourse	14,251,919	-	95	-	-	14,252,014	13,344,760	-	95	-	-	13,344,855
1.3 Consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Pledged loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**332,010,313**	**1,097,538**	**95**	**-**	**-**	**333,107,946**	**320,648,251**	**395,423**	**95**	**-**	**-**	**321,043,769**

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

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transactions/Values	Total 31/03/2022			Total 31/12/2021		
	First and second stage	Third stage	purchased or originated impaired	First and second stage	Third stage	purchased or originated impaired
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**332,010,313**	**1,097,538**	**95**	**320,648,251**	**395,423**	**95**
a) Public administrations	-	-	-	-	-	-
b) Non-financial companies	330,995,282	1,097,538	-	319,461,678	395,423	-
c) Households	1,015,031	-	95	1,186,573	-	95
3. Other assets	-	-	-	-	-	-
Total	**332,010,313**	**1,097,538**	**95**	**320,648,251**	**395,423**	**95**

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

	Gross value					Total value adjustments				Total partial write-offs
	First stage	of which: instruments with low credit risk	Second stage	Third stage	purchased or originated impaired	First stage	Second stage	Third stage	purchased or originated impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	331,965,458	-	452,427	1,466,153	190	404,079	3,493	368,615	95	38,000
Other assets	-	-	-	-	-	-	-	-	-	-
Total 31/03/2022	**331,965,458**	**-**	**452,427**	**1,466,153**	**190**	**404,079**	**3,493**	**368,615**	**95**	**38,000**
Total 31/12/2021	**320,385,909**	**-**	**648,738**	**787,983**	**190**	**382,958**	**3,437**	**392,561**	**95**	**38,000**

As regards the purchased or originated impaired financial assets, the gross value corresponds to the price paid for the purchase of receivables whose nominal value is equal to EUR 19,018, while the total value adjustments represent the related expected losses.

4.5a Loans measured at amortised cost subject to COVID-19 support measures: gross value and total value adjustments

As at the date of these financial statements, there are no loans subject to “moratoria” pursuant to law or other forbearance measures or that constitute new liquidity granted through public guarantee mechanisms.

4.6 Financial assets measured at amortised cost: guaranteed assets

	Total 31/03/2022						Total 31/12/2021					
	Loans to banks		Receivables from financial companies		Loans to customers		Loans to banks		Receivables from financial companies		Loans to customers	
	VE (book value of exposures)	VG (fair value of guarantees)	VE (book value of exposures)	VG (fair value of guarantees)	VE (book value of exposures)	VG (fair value of guarantees)	VE (book value of exposures)	VG (fair value of guarantees)	VE (book value of exposures)	VG (fair value of guarantees)	VE (book value of exposures)	VG (fair value of guarantees)
1. Performing assets guaranteed by:	-	-	-	-	310,011,424	310,011,424	-	-	-	-	300,721,512	300,721,512
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	308,829,280	308,829,280	-	-	-	-	298,779,462	298,779,462
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	1,182,144	1,182,144	-	-	-	-	1,942,050	1,942,050
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	-	-	-	-	1,097,538	1,097,538	-	-	-	-	395,422	395,422
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	1,097,538	1,097,538	-	-	-	-	395,422	395,422
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**311,108,962**	**311,108,962**	**-**	**-**	**-**	**-**	**301,116,934**	**301,116,934**

VE = book value of exposures

VG = fair value of guarantees

The table shows the value of financial assets measured at amortised cost (with recourse non-performing and performing loans) that are guaranteed and the amount of the related guarantee. The guarantees consist of factoring receivables transferred.

In addition, the Company acquires i) insurance guarantees to protect against the risk of default of the transferred debtors, ii) letters of patronage, iii) letters of compensation between transferors and iv) in some cases personal guarantees (sureties) from directors or shareholders of its transferors.

In the case of guarantees that have a value that exceeds the amount of the guaranteed asset, the value of the guaranteed asset is indicated in the column "Value of guarantees".

Section 8 - Property, plant and equipment - Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

Assets/Values	Total 31/03/2022	Total 31/12/2021
1. Owned assets	**2,608,596**	**2,634,617**
a) land	178,952	178,952
b) buildings	1,513,415	1,249,454
c) furniture	264,047	232,628
d) electronic systems	-	-
e) others	652,182	973,583
2. Rights of use acquired through leasing	**2,193,734**	**2,287,843**
a) land	-	-
b) buildings	2,137,215	2,221,578
c) furniture	-	-
d) electronic systems	-	-
e) others	56,519	66,265
Total	**4,802,330**	**4,922,460**
of which: obtained through the enforcement of guarantees received	-	-

As from 1 January 2019, this item also includes rights of use acquired through leasing and relating to property, plant and equipment that the Company uses for business purposes, including the accounting effects relating to lease and operating lease agreements in which the Company is the lessee.

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown

Items/Valuation	Total 31/03/2022		Total 31/12/2021	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets				
of which: software	-	-	-	-
2.1 owned	1,673,603	-	1,670,567	-
- generated internally	279,190	-	262,071	-
- others	1,394,413	-	1,408,496	-
2.2 rights of use acquired through leasing	-	-	-	-
Total 2	**1,673,603**	**-**	**1,670,567**	**-**
3. Assets relating to finance leases				
3.1 unopted assets	-	-	-	-
3.2 assets withdrawn following termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
Total (1 + 2 + 3)	**1,673,603**	**-**	**1,670,567**	**-**
Total	**1,673,603**		**1,670,567**	

The item “Other internally generated intangible assets” includes – in terms of wages, salaries and other costs related to the employment of personnel involved in generating the business – the amount invested for the development of software applications whose use extends beyond a single year, also generating economic benefits in the future.

Section 10 - Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

Denominations	Total 31/03/2022	Total 31/12/2021
Current tax assets	913,771	927,209
Deferred tax assets	263,866	263,866
Total	**1,177,637**	**1,191,075**

10.1 "Tax assets: current and deferred": breakdown

The item "Current tax assets" is composed almost entirely by receivables due from tax authorities for IRES (corporate income tax) advances for EUR 302,862 and for IRAP (regional business tax) advances for EUR 583,597.

The item "Deferred tax assets" includes deferred tax assets arising mainly from temporary differences for allocations to the bad debt provision and for provisions for risks and charges incurred and deductible in accordance with current tax regulations.

10.2 "Tax liabilities: current and deferred": breakdown

Denominations	Total 31/03/2022	Total 31/12/2021
Current tax liabilities	3,000,591	1,234,511
Deferred tax liabilities	-	-
Total	**3,000,591**	**1,234,511**

The item "*Current tax liabilities*" consists of the payable to the Tax Authorities for IRES of EUR 1,538,355 and for IRAP of EUR 1,098,995, in addition to the amount estimated with reference to the national tax consolidation, for details of which, see "Part A - Accounting policies – A.1 - General part – Section 4 – Other aspects*"*.

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

Items/Values	Total 31/03/2022	Total 31/12/2021
Security deposits	32,822	32,785
Suppliers on advances	118,052	18,883
Tax authorities with VAT and withholding taxes	1	1,225
Prepayments	2,002,810	1,977,732
Sundry assets	1,367,701	923,811
Total	**3,521,386**	**2,954,436**

The item "*Sundry assets*" mainly consists of the receivable due from MGH for the domestic tax consolidation referred to in "Part A - Accounting policies - A.1 - General part - Section 4 - Other aspects*"* and of and expenses incurred to date for the stock exchange listing.

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Item 10

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

Items	Total 31/03/2022			Total 31/12/2021		
	to banks	to financial companies	to customers	to banks	to financial companies	to customers
1. Loans	**159,056,890**	**64,701,158**	**-**	**167,761,028**	**77,936,011**	**-**
1.1 repurchase agreements	-	-	-	-	-	-
1.2 other loans	159,056,890	64,701,158	-	167,761,028	77,936,011	-
2. Lease payables	**-**	**-**	**1,599,599**	**-**	**-**	**1,667,121**
3. Other payables	**-**	**74,382,829**	**766,928**	**-**	**35,799,682**	**452,540**
Total	**159,056,890**	**139,083,987**	**2,366,527**	**167,761,028**	**113,735,693**	**2,119,661**
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	-	-	-	-	-	-
Fair value - level 3	**159,056,890**	**139,083,987**	**2,366,527**	**167,761,028**	**113,735,693**	**2,119,661**
Total Fair Value	**159,056,890**	**139,083,987**	**2,366,527**	**167,761,028**	**113,735,693**	**2,119,661**

The total for this item therefore amounted to EUR 300,507,404.

Payables to banks refer to:

Technical form	Amount
Current account exposures for SBF advances	25,781,038
Pool loan	133,275,852
Total	**159,056,890**

With regard to the pool loan agreement, expiring in January 2023, it should be noted that the Company – in the context of funding strategies – has submitted a request to amend the agreement, in particular in order to extend the expiry of a further 2 years, i.e. to January. 2025. The resolutions issued by the banks are being finalised at the date of this report and it is believed that the contractual amendment can be signed by the end of May.

Payables for loans to financial companies mainly refer to payables for advances on Italian and foreign invoices (refactoring transactions).
Other payables to financial companies refer to payables to the special purpose vehicle relating to the securitisation transaction concluded in December 2021 and relating to a revolving portfolio of receivables deriving from with and without recourse factoring contracts owned by the Company.
Payables to customers refer to amounts to be paid to transferors deriving from collections of transferred receivables, to payables for leases, recognised following the adoption of the new accounting standard “IFRS 16 Leases”.

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

Type of securities/Values	Total 31/03/2022				Total 31/12/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**12,852,604**	**-**	**-**	**12,852,604**	**12,734,246**	**-**	**-**	**12,734,246**
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	12,852,604	-	-	12,852,604	12,734,246	-	-	12,734,246
2. other securities	**23,279,637**	**23,279,637**	**-**	**-**	**18,290,329**	**18,290,329**	**-**	**-**
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	23,279,637	23,279,637	-	-	18,290,329	18,290,329	-	-
Total	**36,132,241**	**23,279,637**	**-**	**12,852,604**	**31,024,575**	**18,290,329**	**-**	**12,734,246**

With regard to bonds, during the months of September and October 2021, the Company issued and placed two Tier 2

subordinated bonds.
The first, with a duration of six years and maturity on 30 September 2027, was issued for an amount of EUR 5 million with an annual coupon at a fixed rate of 10%.
The second, with a duration of five years and maturity on 28 October 2026, was issued for an amount of EUR 7.5 million and with an annual coupon at a floating rate equal to the 3-month Euribor plus a spread of 800 basis points.
The bonds - subscribed by institutional investors - were entered into the centralised management system at Monte Titoli S.p.A. and subject to the dematerialisation regulations.

The other securities are commercial paper admitted in dematerialised form in Monte Titoli and traded on the ExtraMOT PRO, Professional Segment of the ExtraMOT Market, multilateral trading system managed by Borsa Italiana S.p.A.
In particular, at the reporting date, two bonds with similar characteristics were issued The first, with a three-month duration, was issued for a total of EUR 18.3 million and with a zero coupon at a fixed annual rate of 0.5%. The second, with a duration of six months, was issued for a total of EUR 5 million and with a zero coupon at a fixed annual rate of 0.7%.

1.3 Payables and subordinated securities
The item "Debt securities issued" includes subordinated securities of EUR 12.9 million, relating to the issue of Tier 2 bonds for a nominal amount of EUR 12.5 million.

Section 6 - Tax liabilities - Item 60
For the content of the item "Tax liabilities", please refer to Section 10 of assets "Tax assets and Tax liabilities".

Section 8 - Other liabilities - Item 80
8.1 Other liabilities: breakdown

Items/Values	Total 31/03/2022	Total 31/12/2021
Accrued expenses and deferred income	4,041,615	4,062,479
Payables to tax authorities	326,173	249,848
Social security and welfare institutions	207,919	167,542
Employees payroll account	441,755	352,394
Payables to suppliers and lenders	1,577,469	1,866,745
Payables to MGH - Massimo Gianolli Holding S.r.l. for tax consolidation	761,787	761,787
Sundry payables	11,879,731	8,336,265
Total	**19,236,449**	**15,797,060**

The debt to the parent company MGH is, within the scope of the tax consolidation, part of the tax consolidation, the debt corresponding to the application of the ordinary Ires rate of 24% to the Company's taxable income for the year 2021, net of advances paid to the consolidating company itself (MGH - Massimo Gianolli Holding S.r.l.).
The item other payables includes, almost entirely, payments received from debtors for existing factoring transactions, for which the allocation to the relative positions has taken place in the first few days of April, and the differential between the items of bills with credit institutions and the relative positions still open on the assigned debtors, due to the time lag between the closing operation carried out by the credit institutions and that carried out by the Company, which, with the same expiry date, will take place when the security is actually collected.

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

Items/Values	Total 31/03/2022	Total 31/12/2021
1. Provisions for credit risk relating to commitments and financial guarantees issued	-	-
2. Provisions on other commitments and other guarantees issued	-	-
3. Company pension funds	**121,634**	**118,452**
4. Other provisions for risks and charges	**158,076**	**158,076**
4.1 legal and tax disputes	-	-
4.2 personnel expenses	158,076	158,076
4.3 others	-	-
Total	**279,710**	**276,528**

10.5 Defined benefit company pension funds

The “Pension funds” refer to the “Provision for supplementary customer indemnity” and the “Provision for non-competition agreements” allocated to the sole agent. These amounts will be paid at the end of the relationship.

10.6 Provisions for risks and charges - other provisions

The provision set aside in "Other provisions – Personnel expenses" refers to the accrual made against the probable request by INPS for contributions from the excess ceiling pursuant to Article 2, paragraph 18 of Law No. 335/1995, not paid by the Company for the years 2017 - 2020.

With reference to the disputes in which the Company is involved as defendant, also on the basis of the specific opinions provided by the legal defence attorneys, at the reporting date of the condensed interim financial statements, they were all assessed as having a “remote” risk of losing, except for two, as of explained below:

- a dispute (risk “between remote and possible”), for which the receivership filed - in 2020 - a bankruptcy revocation request in reference to the assignments made by the transferor to the Company in the period prior to the declaration of bankruptcy. The value of the case, as declared by the plaintiff in the summons, is equal to EUR 517,229.06. In line with the provisions of the relevant accounting standards and internal policies, the Company has not made any provisions;
- a dispute (“possible” risk) for which the receivership filed - in the course of 2021 - a bankruptcy revocation request in reference to the assignments made by the transferor to the Company in the period prior to the declaration of bankruptcy. The value of the case, as declared by the plaintiff in the summons, is equal to EUR 2,239,457.37. In line with the provisions of the relevant accounting standards and internal policies, the Company has not made any provisions.

Section 11 - Equity - Items 110, 140, 150, 160 and 170

11.1 Share capital: breakdown

Types	Amount
1. Share capital	**3,275,758**
1.1 Ordinary shares	3,275,758
1.2 Other shares	-

The share capital amounts to EUR 3,275,758 divided into no. 9,827,274 ordinary shares with unexpressed nominal value pursuant to art. 2346, par. 3 of the Italian Civil Code and art. 5 of the current Articles of Association.

It remained unchanged compared to the previous year and is divided between two shareholders: "GGH - GRUPPO GENERAL HOLDING S.R.L." ("GGH"), which holds no. 5,227,273 ordinary shares, equal to 53.19% of the share capital and "CREDITO VALTELLINESE S.P.A." ("CREVAL", merged into Credit Agricole Italia S.p.A. effective 24 April 2022), which holds 4,600,001 ordinary shares, or 46.81% of the share capital.

11.2 Treasury shares: breakdown

As at 31 December 2022 and 31 December 2021, the Company held no treasury shares.

11.3 Equity instruments: breakdown

As at 31 March 2022 and 31 December 2021, the Company did not recognize the item equity instruments.

11.4 Share premium reserve: breakdown

Types	Amount
1. Share premium reserve	**7,828,952**
1.1 Ordinary shares	7,828,952
1.2 Other shares	-

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	31/03/2022	31/03/2021
1. Financial assets measured at fair value through profit or loss:	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value					
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**X**	**-**	**-**
3. Financial assets measured at amortised cost	**-**	**3,099,327**	**-**	**3,099,327**	**1,812,818**
3.1 Loans to banks	-	-	**X**	-	-
3.2 Receivables from financial companies	-	-	**X**	-	-
3.3 Loans to customers	-	3,099,327	**X**	3,099,327	1,812,818
4. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
5. Other assets	**X**	**X**	**-**	**-**	**-**
6. Financial liabilities	**X**	**X**	**X**	**-**	**-**
Total	**-**	**3,099,327**	**-**	**3,099,327**	**1,812,818**
of which: interest income on impaired financial assets	**-**	**-**	**-**	**-**	**-**
of which: interest income on leases	**X**	**-**	**X**	**-**	**-**

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31/03/2022	31/03/2021
1. Financial liabilities measured at amortised cost	965,146	300,860	-	1,266,006	515,370
1.1 Due to banks	565,269	X	X	565,269	428,480
1.2 Payables to financial companies	391,442	X	X	391,442	77,062
1.3 Due to customers	8,435	X	X	8,435	9,828
1.4 Securities issued	X	300,860	X	300,860	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	24,271	24,271	-
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	-	-
Total	**965,146**	**300,860**	**24,271**	**1,290,277**	**515,370**
of which: interest expense on lease payables	**8,435**	**X**	**X**	**8,435**	**9,828**

Section 2 - Commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

Detail	Total 31/03/2022	Total 31/03/2021
a) leasing transactions	-	-
b) factoring transactions	6,266,235	4,550,978
c) consumer credit	-	-
d) guarantees issued	-	-
e) services of:		
- management of funds on behalf of third parties	-	-
- foreign exchange brokerage	-	-
- product distribution	-	-
- others	-	-
f) collection and payment services	-	-
g) servicing in securitisation transactions	-	-
h) other commissions	-	-
Total	**6,266,235**	**4,550,978**

2.2 Fee and commission expense: breakdown

Retail/Sectors	Total 31/03/2022	Total 31/03/2021
a) guarantees received	92	92
b) distribution of services by third parties	-	-
c) collection and payment services	-	-
d) other commissions	1,111,025	643,511
d.1 advances on business loans (Law no. 52/91)	176,002	129,430
d.2 others	935,023	514,081
Total	**1,111,117**	**643,603**

Fee and commission expense for advances on business receivables are represented by commissions and fees paid to third parties.

The sub-item "*Other*" is mainly composed of bank charges and commissions for Euro 554,638 and costs incurred for credit insurance for Euro 354,154.

Section 8 - Net value adjustments/write-backs for credit risk - Item 130

8.1 Net value adjustments / write-backs for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions / Income components	Value adjustments (1)						Write-backs (2)				Total 31/03/2022	Total 31/03/2021
	First stage	Second stage	Third stage		purchased or originated impaired		First stage	Second stage	Third stage	purchased or originated impaired		
			Write-off	Others	Write-off	Others						
1. Loans to banks	**(323)**	**-**	**-**	**-**	**-**	**-**	**68**	**-**	**-**	**-**	**(255)**	**414**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	(323)	-	-	-	-	-	68	-	-	-	(255)	414
2. Receivables from financial companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans to customers	**(21,121)**	**(56)**	**(38,000)**	**(30,600)**	-	-	-	**-**	**54,546**	-	**(35,231)**	**78,579**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(21,121)	(56)	(38,000)	(30,600)	-	-	-	-	54,546	-	(35,231)	78,579
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans on pledge	-	-	-	-	-	-	-	**-**	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(21,444)**	**(56)**	**(38,000)**	**(30,600)**	**-**	**-**	**68**	**-**	**54,546**	**-**	**(35,486)**	**78,993**

The amounts included in the item “Loans and receivables with banks” refer to the amounts due from banks “on demand” reported in the item “Cash and cash equivalents”.

Value adjustments include both allocations to the provision to cover expected credit losses and credit losses. The value of the write-offs recognised directly in the income statement is equal to 38.000 euro.

For further details, please refer to “Part D - Other information - Section 3 - Information on risks and related hedging policies”.

8.1a Net value adjustments for credit risk relating to loans measured at amortised cost subject to COVID-19 support measures: breakdown

As at the date of these financial statements, there are no net value adjustments for loans subject to “moratoria” or other forbearance measures or that constitute new liquidity granted through public guarantee mechanisms.

Section 10 - Administrative expenses - Item 160

10.1 Personnel expenses: breakdown

Types of expenses/Values	Total 31/03/2022	Total 31/03/2021
1. Employees	**1,185,387**	**1,067,011**
a) wages and salaries	849,362	777,522
b) social security contributions	244,927	214,487
c) severance pay	-	432
d) social security expenses	-	-
e) severance pay provision	50,054	36,916
f) allocation to the provision for pensions and similar obligations:		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary pension funds:		
- defined contribution	15,711	9,414
- defined benefit	-	-
h) other employee benefits	25,333	28,240
2. Other active personnel	**-**	**-**
3. Directors and Statutory Auditors	**189,351**	**172,922**
4. Retired personnel	**-**	**-**
5. Expense recoveries for employees seconded to other companies	**-**	**-**
6. Reimbursement of expenses for employees seconded to the company	**-**	**-**
Total	**1,374,738**	**1,239,933**

10.3 Other administrative expenses: breakdown

Type of expense/Values	Total 31/03/2022	Total 31/03/2021
Professional fees and consultancy	400,201	247,294
Charges for indirect taxes and duties	23,181	23,741
Maintenance costs	10,538	8,075
Utility costs	35,539	28,561
Rent payable and condominium expenses	23,108	24,106
Insurance	9,973	9,516
Other administrative expenses	565,089	304,045
Total	**1,067,629**	**645,338**

Section 11 - Net provisions for risks and charges - Item 170

11.3 Net allocations to other provisions for risks and charges: breakdown

	Provisions	Uses	Write-backs	Reallocations of surpluses	31/03/2022	31/03/2021
1. Allocations to the pension fund	**(3,182)**	**-**	**-**	**-**	**(3,182)**	**(1,881)**
2. Allocations to other provisions for risks and charges:	**-**	**-**	**-**	**-**	**-**	**-**
a) legal and tax disputes	-	-	-	-	-	-
b) personnel expenses	-	-	-	-	-	-
c) others	-	-	-	-	-	-
Total	**(3,182)**	**-**	**-**	**-**	**(3,182)**	**(1,881)**

With reference to the table above, please refer to the comments in section 10 of PART B - INFORMATION ON THE BALANCE SHEET - LIABILITIES.

Section 19 - Income taxes for the year on current operations - Item 270

19.1 Income taxes for the year on current operations: breakdown

	Total 31/03/2022	Total 31/03/2021
1. Current taxes (-)	(1,402,839)	(1,120,128)
2. Changes in current taxes from previous years (+/-)	-	-
3. Reduction in current taxes for the year (+)	-	-
3 bis. Reduction in current taxes for the year for tax credits pursuant to Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	-	-
5. Change in deferred tax liabilities (+/-)	-	-
6. Taxes for the year (-) (-1+/-2+3+3 bis+/-4+/-5)	**(1,402,839)**	**(1,120,128)**

Current taxes pertaining to the first quarter of 2022 are estimated at EUR 1,134,649 for IRES and EUR 268,190 for IRAP.

PART D - OTHER INFORMATION

Section 1 - Specific references on operations carried out

B. Factoring and assignment of receivables

B.1 - Gross value and book value

B.1.1 - Factoring transactions

Items/Values	Total 31/03/2022			Total 31/12/2021		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing	**332,417,885**	**407,572**	**332,010,313**	**321,034,647**	**386,395**	**320,648,252**
• exposures to transferors (with recourse)	318,149,397	391,003	317,758,394	307,675,237	371,745	307,303,492
- assignment of future receivables	8,940,085	10,971	8,929,114	8,544,289	20,259	8,524,030
- others	309,209,312	380,032	308,829,280	299,130,948	351,486	298,779,462
• exposures to transferred debtors (without recourse)	14,268,488	16,569	14,251,919	13,359,410	14,650	13,344,760
2. Non-performing	**1,466,343**	**368,710**	**1,097,633**	**788,173**	**392,656**	**395,517**
2.1 Bad loans	609,681	325,429	284,252	695,630	379,044	316,586
• exposures to transferors (with recourse)	609,491	325,334	284,157	695,440	378,949	316,491
- assignment of future receivables	-	-	-	-	-	-
- others	609,491	325,334	284,157	695,440	378,949	316,491
• exposures to transferred debtors (without recourse)	190	95	95	190	95	95
- purchases below the nominal value	190	95	95	190	95	95
- others	-	-	-	-	-	-
2.2 Unlikely to pay	797,702	43,268	754,434	92,543	13,612	78,931
• exposures to transferors (with recourse)	797,702	43,268	754,434	92,543	13,612	78,931
- assignment of future receivables	-	-	-	-	-	-
- others	797,702	43,268	754,434	92,543	13,612	78,931
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.3 Non-performing past due exposures	58,960	13	58,947	-	-	-
• exposures to transferors (with recourse)	58,960	13	58,947	-	-	-
- assignment of future receivables	-	-	-	-	-	-
- others	58,960	13	58,947	-	-	-
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
Total	**333,884,228**	**776,282**	**333,107,946**	**321,822,820**	**779,051**	**321,043,769**

The table provides details of the value of the receivables recorded in item 40 of the Assets, with exclusive reference to the exposures relating to the specific activity of advancing business receivables (factoring).

Receivables are distinguished between performing and non-performing assets and classified by type of counterparty: transferor and transferred debtor.

The recognition of a receivable in the category "Exposures to transferred debtors" assumes that the assignment of the receivables determined the actual transfer to the transferee of all risks and benefits.

B.3 - Other information

B.3.1 - Turnover of receivables subject to factoring transactions

Items	31/03/2022	31/03/2021
1. Transactions without recourse	28,131,051	13,637,003
- of which: purchases below nominal value		
2. Transactions with recourse	404,289,617	226,001,070
Total	**432,420,668**	**239,638,073**

The table details the turnover of receivables transferred (amount of the gross flow of receivables transferred by customers to the Company during first quarter), distinguishing the transactions in relation to the assumption or not by the transferor of the guarantee of solvency of the transferred debtor.

B.3.3 - Nominal value of contracts for the acquisition of future receivables

Items	31/03/2022	31/12/2021
Flow of contracts for the purchase of future receivables during the year	13,028,851	36,092,806
Amount of contracts outstanding at year end	13,535,155	12,021,335

As at 31 March 2022, the net exposure for future receivables amounted to EUR 8,929,114

D. Guarantees issued and Commitments

D.1 - Value of guarantees (collateral or personal) issued and commitments

Transactions	Amount 31/03/2022	Amount 31/12/2021
1. Financial guarantees issued on first demand	**88,085,050**	**101,394,853**
a) Banks	23,383,892	23,458,842
b) Financial companies	64,701,158	77,936,011
c) Customers	-	-
2. Other financial guarantees issued	**-**	**-**
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
3. Commercial guarantees issued	**-**	**-**
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4. Irrevocable commitments to disburse funds	**-**	**-**
a) Banks	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
b) Financial companies	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
c) Customers	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	**-**	**-**
6. Assets pledged as collateral for third party obligations	**-**	**-**
7. Other irrevocable commitments	**-**	**-**
a) to issue guarantees	-	-
b) others	-	-
Total	**88,085,050**	**101,394,853**

In relation to "Financial guarantees issued on first demand - a) Banks", it should be noted that, on 29 January 2019, at the same time as the signing of a medium / long-term loan agreement with a pool of banks, the company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.
As at 31 March 2022, the credit balance of the current accounts subject to the pledge amounted to EUR 23,383,892, while the payable relating to the loan, including interest payable, amounted to EUR 133,275,852.

“Financial guarantees given on first demand - b) Financial companies” includes the amount of with-recourse guarantees issued in relation to the “refactoring” financing transactions entered into with counterparties of Italian factoring companies, in which Generalfinance maintains the guarantee of solvency on reclassified loans. The amount of the guarantee, covering the entire with-recourse exposure, is equal to the debt for with-recourse transfer transactions as at the reference date.

In addition, it should be noted that the Company pledged part of the loans purchased from its transferors as guarantee to the pool of banks, in line with the provisions of the “Revolving Credit Facility” agreement renewed in advance in November 2021. In particular, the amended contract envisages that Generalfinance - at each drawdown of the RCF line - make assignments as collateral of nominal loans for a total amount equal to the amount of the line used as at the reference date. Since this is a particular case and different from a financial or personal guarantee, this guarantee is not indicated in the table above.

Section 2 - Securitisation transactions, disclosure on structured entities not consolidated for accounting purposes (other than special purpose vehicles for securitisation) and asset disposal transactions

A - Securitisation transactions

Qualitative information

On 13 December 2021, Generalfinance signed the first securitisation programme - three-year and subject to annual renewal - of trade receivables under which it will transfer without recourse, on a revolving basis, portfolios of performing trade receivables originated in the exercise of its core business - factoring to distressed companies - to an Italian vehicle company established pursuant to the law on securitisation (General SPV S.r.l.) - up to a maximum nominal amount of EUR 295 million.

Purchases of receivables are financed through the issue of three classes of partly paid ABS securities, with different degrees of subordination, in particular:

- Maximum EUR 200,000,000 of Senior Notes, subscribed by BNP Paribas, through the Matchpoint Finance LTD conduit, with an initial commitment of EUR 75 million;
- Maximum EUR 21,200,000 of Mezzanine Notes - initially subscribed and withheld by Generalfinance - will be subsequently placed with institutional investors;
- Maximum EUR 14,800,000 of Junior Notes, fully subscribed and withheld by Generalfinance, also in order to satisfy the regulatory retention rule.

The securities issued by General SPV are unrated and are not listed.

In the context of securitisation – which does not lead to the deconsolidation of loans to customers, who therefore continue to remain registered in the balance sheet of the factor – Generalfinance operates as a sub-servicer.

From an accounting point of view - on the basis of the economic substance of the transaction - the amount of the *senior* notes subscribed by Matchpoint Finance LTD was recognised under liabilities in the balance sheet, under financial liabilities measured at amortised cost, as it represents the loan obtained from Generalfinance through the securitisation structure. The mezzanine and junior notes - fully retained by Generalfinance at the balance sheet date - were subscribed to offset the corresponding part of the initial consideration relating to the assignment of the receivables by the originator; therefore, these notes do not appear in the financial statements as they do not represent a cash exposure of Generalfinance.

The company has no exposure to third party securitisation.

Quantitative information

As at 31 March 2022, the payable to the vehicle company (including accrued interest) amounted to EUR 74,382,829.

The capital structure - with the relative maximum values - of the only securitisation transaction in place at the reporting date is shown below.

Transaction: General SPV	Amount
Nominal outstanding of receivables	295,000,000.00
Nominal value of notes issued - General SPV	
Senior	200,000,000.00
Mezzanine	21,200,000.00
Junior	14,800,000.00
TOTAL	**236,000,000.00**

The table below shows the parts of the General SPV securitisation.

Role	Subject
Issuer and Transferee	General SPV S.r.l. - Special purpose vehicle established pursuant to Law no. 130/99
Master Servicer	Zenith Service S.p.A.
Originator /Sub-Servicer	Generalfinance S.p.A.
Programme Agent	BNP Paribas S.A., Italian branch
Calculation Agent	Zenith Service S.p.A.
Corporate Servicer	Zenith Service S.p.A.
Representative of the bondholders	Zenith Service S.p.A.
Interim Account Bank	Banco BPM S.p.A.
Account Bank	The Bank of New York Mellon SA/NV Milan branch
Paying Agent	The Bank of New York Mellon SA/NV Milan branch
Subscriber of the ABS Senior Notes	BNP Paribas SA, through the Matchpoint Finance LTD conduit
Subscriber of the ABS Mezzanine[1] and Junior Notes	Generalfinance S.p.A.

1 – Initial Subscriber of the ABS Mezzanine Notes

The following table shows the conditions of the *senior funding*, subscribed by BNP Paribas, through Matchpoint Finance LTD.

Description	Level
Senior Noteholders	BNP Paribas SA, through Matchpoint Finance LTD
Target of Senior Funding Line	Target 3-year Senior Loan Line: EUR 200 mln Senior Loan Line at closing: EUR 100 mln
Line committed to Closing	EUR 75 million
Uncommitted line at Closing	EUR 25 million
Duration	3 years with commitment renewable annually
Revolving period	3 years, subject to early termination events
Percentage disbursement limit	Limit 82.5%
Senior Advance Rate	85% (senior note) of the advances (Initial Advanced Amount)
Portfolio subject to the Transaction	With Recourse Factoring and Without Recourse Factoring
Credit support	Dynamic Credit Enhancement based on the levels of (i) default, (ii) dilution, (iii) of the average amount financed to the Originators, subject to a floor and adjusted for the level of concentration of the Debtors. The Credit Support corresponds to the DPP and is expected to be equal to approximately 20% of the nominal value of the Portfolio
Senior securities	Variable Funding Notes equal to 85% of the advances of GF
Mezzanine securities	Partly Paid Notes equal to 8.8% of the advances of GF
Junior Notes	Partly Paid Notes equal to 6.2%[1] of the advances of GF
Interest Rate	EURIBOR 1M with floor at 0% + Margin
Margin	1.08% per annum
Commitment Fee	0.33% per annum of the portion of the committed line not used
Rating	Not provided for
Hedging	Not provided for

Notes: [1] Assuming an Initial Purchase Price equal to 80% of the nominal value of the loans transferred.

Section 3 - Information on risks and related hedging policies

FOREWORD

Corporate risk governance

Generalfinance is exposed to the typical risks of a financial intermediary. In particular, also on the basis of the defined ICAAP process, the Company is exposed to the following significant "first pillar" risks:

- **Credit risk**: risk that the debtor (and the transferor, in the case of with-recourse transactions) is not able to meet its obligations to pay interest and repay the principal. It includes counterparty risk, i.e. the risk that the counterparty to a transaction is in default before the final settlement of the cash flows of a transaction.
- **Operational risk**: risk of losses deriving from failure or inadequacy of internal processes, human resources and technological systems or deriving from unexpected external events.

Generalfinance is also exposed to the following other risks:

- **Concentration risk**: risk deriving from exposures to counterparties, including central counterparties, groups of related counterparties and counterparties operating in the same economic sector, in the same geographical region or carrying out the same activity or trading in the same commodity, as well as the application of credit risk mitigation techniques, including, in particular, risks deriving from indirect exposures, such as, for example, with respect to individual providers of guarantees (for concentration risk with respect to individual counterparties or groups of related counterparties).
- **Country risk**: risk of losses caused by events occurring in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it refers to all exposures regardless of the nature of the counterparties, whether natural persons, companies, banks or public administrations.
- **Interest rate risk**: risk that arises in relation to changes in the value of assets / liabilities sensitive to fluctuations in interest rates following a change in the structure by maturity (Duration GAP).
- **Liquidity risk**: the risk of not being able to meet its payment commitments due to the inability both to raise funds on the market (funding liquidity risk) and to sell its assets (market liquidity risk). For Generalfinance, the case of funding liquidity risk is particularly relevant. In other words, the liquidity risk derives from a possible imbalance between expected cash flows and outflows and the consequent imbalances / surpluses in different maturity brackets, depending on the collectability of the assets or payment of the liabilities divided by residual life (maturity ladder).
- **Residual risk:** risk that the recognised techniques for mitigating credit risk used by the Company are less effective than expected. This risk essentially arises when, at the time of the debtor's impairment, the mitigation instrument against the exposure provides, in fact, a degree of protection lower than that originally envisaged and, consequently, the equity benefit obtained with the related usage is overestimated.
- **Securitisation risk**: risk determined by the absence of adequate policies and procedures to ensure that the economic substance of said transactions is fully in line with their risk assessment and with the decisions of the corporate bodies. The Company does not transfer the risk of the portfolio with the only securitisation transaction carried out (General SPV), as the transaction itself is aimed exclusively at raising funds on the institutional market.
- **Excessive leverage risk**: risk that a particularly high level of indebtedness with respect to the amount of equity makes the intermediary vulnerable, making it necessary to adopt corrective measures to its business plan, including the sale of assets with recognition of losses that could be entail value adjustments also on the remaining assets.
- **Strategic risk**: the current or future risk of a decline in profits or capital deriving from changes in the operating environment or from incorrect company decisions, inadequate implementation of decisions, poor responsiveness to changes in the competitive environment.
- **Reputational risk**: the current or future risk of a decline in profits or capital deriving from a negative perception of the image of the intermediary by customers, counterparties, shareholders of the intermediary, investors or supervisory authorities.
- **Risk of non-compliance**: risk of incurring judicial or administrative sanctions, significant financial losses or damage to reputation as a result of violations of mandatory provisions (of law or regulations) or of self-regulation rules (e.g. statutes, codes of conduct, etc.), including legislation governing international money laundering / terrorism financing and legislation governing the transparency of banking and financial transactions and services.
- **IT risk**: risk of incurring economic, reputation and market share losses in relation to the use of Information and Communication Technology (ICT).
- **Risk deriving from outsourcing:** risk linked to the outsourcer's activities, in particular to its inefficiency / service disruptions and to the loss of skills by the Company's human resources. These are mainly operational risks, although the implications for credit, compliance and reputational risks are not negligible.

In this context, the resulting risks are monitored by specific organisational structures (which operate in agreement with the Risk Management and Compliance Department), policies and procedures aimed at their identification, monitoring and management. In particular:

- the Credit Department (Chief Lending Officer) oversees the management of credit risk, country risk and concentration risk, being organisationally responsible for the various phases of the credit process (investigation / granting / monitoring / recovery);
- the Finance and Administration Department (Chief Financial Officer) manages and monitors liquidity, interest rate, residual, securitisation, excessive leverage and strategic risks (the latter, in particular, in close collaboration with the Chief Executive Officer);
- the Legal and Corporate Affairs Department manages and monitors reputational risks (in collaboration with the CFO, as regards relations with the media).
- the Risk Management and Compliance Department monitors the risk of non-compliance and the risk deriving from outsourcing relationships;
- the ICT and Organisation Department oversees IT risk.

On an operational level, the Finance and Administration Department provides periodic reports (through the management planning and control system) to the corporate bodies on the performance of the activities and on the deviations from the budget and the business plan; this disclosure is structured on a daily (commercial data, asset figures, profitability of factoring transactions) and monthly (tableau de bord, which summarises financial, portfolio risk and liquidity information, capitalisation) basis.

The Company therefore has a management control system aimed at allowing the operating areas to periodically acquire detailed and updated information on the economic-equity and financial situation. The management control system, which is part of the wider internal control system, was developed by Generalfinance from a strategic point of view as it systematically and, in advance, draws the attention of management to the consequences of the decisions taken on a daily basis (management). It is therefore intended as the integrated set of technical-accounting tools, information and process solutions used by management to support planning and control activities.

This model provides for the assignment of responsibilities to clearly identified individuals within the Company to ensure the constant monitoring of critical success factors (FCS) and risk factors (FCR) through the identification of performance and risk indicators (KPI and KRI) and, where necessary, the activation of other types of control.

CONTROL SYSTEM

The internal control system implemented by the Company ("ICS") consists of the set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

- verification of the implementation of company strategies and policies;
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk of involvement, even involuntary, in illegal activities (with particular reference to those connected with money laundering, usury and terrorism financing);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, regulations and procedures.

In relation to the issue of the ICS, during 2021, the Board of Directors approved a significant redefinition of the same, leaving the "Single Control Function", with the consequent establishment and new assignment of the second and third level control functions.

Risk Management and Compliance Department

In the organisation of Generalfinance, the risk management function is located at the "Risk Management and Compliance Office", which is also responsible for the activities relating to the compliance function. This consolidation was considered consistent with the proportionality principle which allows the performance of the compliance and risk management functions to be assigned to the same department (see Circular no. 288/2015, Title III - Chapter 1 - Section III - 15).

The office reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.

The purpose of compliance control activities is to monitor the compliance of procedures, regulations and company policies with respect to regulatory provisions. In particular, the Risk Management and Compliance Office, with the help of the Legal and Corporate Affairs Department, identifies the rules applicable to the Company and assesses and measures their impact on the business, proposing appropriate organisational changes in order to ensure effective and effective efficient monitoring of the identified non-compliance and reputational risks.
Risk management activities aim to verify compliance with prudential supervisory rules and the management of company risks. In particular, this office contributes to the definition of risk measurement methods, verifying ongoing compliance with the overall prudential supervisory limits imposed by the Supervisory Authority.

Internal Audit Function
The internal audit function is allocated to the Board of Directors, headed by a non-executive Director with adequate professionalism and independence requirements. Therefore, the head of the internal audit function functionally reports to the Board of Directors.
The internal audit activity is aimed, on the one hand, at checking the regularity of operations and risk trends, including through ex-post checks at the individual organisational units, and on the other hand at assessing the functionality of the overall internal control system and to bring to the attention of the Board of Directors possible improvements to risk management policies, control mechanisms and procedures.

The Anti-Money Laundering Function.
Generalfinance has defined its internal control system, keeping the anti-money laundering function separate from the other control functions (risk management, compliance and internal audit), to monitor the specific risk. This choice was made in compliance with the prohibition to assign the powers of the anti-money laundering function to the internal audit function.
The Anti-Money Laundering Department is placed with the Legal and Corporate Affairs Department, under the responsibility of the head of said department. The latter is an organisational unit not involved in operating activities (except for the management of disputes brought against the company)and reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.
The AML Function deals with:

- monitoring the risk of money laundering, overseeing the proper functioning of business processes;
- preparing activities related to combatting money laundering and the financing of international terrorism;
- overseeing compliance with anti-money laundering regulations within the Company and monitoring its development, verifying the consistency of anti-money laundering and anti-terrorism processes with respect to regulatory requirements;
- carrying out checks and controls on customer due diligence and proper data storage.

In addition, it is involved in the preliminary investigation process prior to reporting suspicious transactions to the relevant bodies. In compliance with the general principle of proportionality, the Head of the AML Function is also granted the mandate for the Reporting of Suspicious Transactions ("SOS"), pursuant to art. 35 of Legislative Decree no. 231 of 21 November 2007.
The AML Function sends to the Board of Directors, to the Board of Statutory Auditors, at least once a year, a report on the activities carried out during the previous year.

3.1 CREDIT RISK

Qualitative information

1. General aspects

Credit risk is a typical risk of financial intermediation and can be considered the main risk to which the Company is exposed. Factoring, which is the operating area of Generalfinance, is the main determinant of credit risk. The factoring activity also has some specific characteristics that affect the relative risk factors: the presence of several parties (transferor and transferred debtor), the insurance guarantee that covers the bulk of business volumes, additional personal guarantees acquired and the transfer to the factor of the supply credit between the transferor and the transferred debtor. These factors, on the one hand, make it possible to contain credit risk compared to that of ordinary banking activities and, on the other hand, characterise the entire credit process that is regulated by specific policies in Generalfinance.

Impacts deriving from COVID-19
In the first quarter of 2022, the Company did not approve moratoria on existing loans, did not grant changes to the loan agreements as a result of COVID-19 and did not disburse loans backed by the State guarantee. The Company showed itself to be willing to reschedule certain deadlines in order to facilitate transferred debtors and transferors, with some

rescheduling of trade receivables, almost all of which returned to normal conditions and were collected as at the reporting date.

2. Credit risk management policies

2.1 Organisational aspects

The assumption of credit risk is governed by the policies approved by the Board of Directors and is governed by internal procedures that define the management, measurement and control activities and identify the organisational units responsible for them.
Credit risk management is carried out by the Credit Department, which:

- through the Risk Assessment Office, it ensures the compliance of loan applications with the Company's credit policy and expresses opinions for decision-making purposes. This Office is also responsible for the activities that characterise the preliminary phase and the secretarial activities of the Credit Committee.
- Through the Credit Management Office, it is responsible for the continuous monitoring of the solvency of customers and the management of the timely collection of receivables, acquiring all the information useful or necessary for a correct representation of the commercial relationship.
- It oversees the process of disbursement of credit and settlement of amounts not advanced to transferors, through the Credit Management Office.
- It coordinates the out-of-court debt collection actions necessary to monitor, contain and reduce the credit exposure of the Company, it is responsible for agreeing any repayment plans with the transferred debtors and manages the disputed cases.

Credit disbursement is the responsibility of the Company’s Credit Committee on the basis of the powers granted to it by the Board of Directors.
The Credit Committee is composed of five members, of which three with voting rights and two without voting rights.
Members with voting rights are:

- the Chief Executive Officer;
- the Head of the Credit Division;
- the Head of the Sales Department.

Non-voting members are:

- the Head of the Corporate Customer Management Office;
- the Head of the Retail Customer Management Office.

Depending on the topics discussed or the subject matter of the resolution, employees and managers of the operating areas may be invited to participate in the meetings of the Credit Committee. For meetings to be valid, the presence of at least three members is required, of which at least two have voting rights.
As part of its functions, the Committee performs an in-depth analysis of the documentation and the level of risk of the loan transaction and resolves, if the assessment is positive, the disbursement of the loan.
In the analysis phase, the Credit Committee is supported by the proprietary management information system (Generalweb / TOR) that allows a detailed analysis of each individual credit facility requested, both with reference to the assessment of the Transferor and the transferred debtors. The process of approving the granting / disbursement of credit is managed electronically through a special function of the company management system, through which it is possible to acquire immediate evidence of all the data relating to the various positions subject to assessment and the outcome of the resolutions. Once the analysis is completed and the resolution adopted by the Credit Committee, the process concludes with the generation of specific disclosures for the various company departments concerned.
Subsequently, a document containing the outcome of the resolution is generated. The outcome of the resolution is then uploaded to the system to input data into or update the management records that report the specific economic conditions that govern the relationship with the Transferor, in such a way that all criteria and operating limits are set in a definitive and complete manner for the subsequent disbursement phase.
The Credit Committee - on the basis of the provisions of the “Classification and measurement of credit exposures” Policy supplemented, operationally, by the “Credit & Collection Policy” – also resolves i) the transfers between administrative statuses (past due, UTP, non-performing) and the related analytical provisions and ii) the transfers from Stage 1 to Stage 2 (in accordance with IFRS 9).
The results of the resolutions of the Committee are always sent to the CFO and to the head of the Administration and Personnel Department, for the purpose of the correct acknowledgement of the results in the context of financial and reporting.
As part of the credit process, the Risk Management and Compliance Office plays an important role, which is responsible for second-level controls on the credit process. With regard to compliance, the Risk Management and Compliance Office, as part of the lending activities carried out by the Company, is responsible for carrying out checks aimed at ascertaining the

adequacy of the various phases of the credit process and assessing their compliance with the credit policy.
As part of the credit risk management process, the Risk Management and Compliance Department is responsible for the ex post control of the risk level of the Company's loan portfolio (risk management). This activity is aimed at ensuring the continuous analysis and monitoring of the composition of the portfolio and the related risk. In particular, the Risk Management Function is responsible for the following activities:
• the measurement of the credit risk underlying the performing portfolio and the problem portfolio;
• monitoring of "problem loans" (non-performing, watch list and supervised entities);
• monitoring of limits and exceptions to company policies;
• verification of consistency over time between the rules for assessing creditworthiness and the related pricing;
• monitoring the concentration limits of credit exposures to a single Counterparty (Groups of companies), as per the regulations of the Supervisory Authority;
• monitoring the correct functioning of the IFRS 9 framework, as part of the determination of the so-called *Expected Credit Loss.*

2.2 Management, measurement and control systems

General considerations
The main types of customers are represented by the following two segments:

- companies "in crisis", to which the Company, through operations to support the sales and distribution cycle, offers specific skills geared towards financial assistance in the event of the financial tension situations, during and after the restructuring procedure;
- "performing" companies, which are offered flexible services, aimed at solving financing problems, also extended to customers and suppliers.

The reference area in which the company operates, as regards transferred debtors, is mainly represented by the so-called "Eurozone". A component - historically around 25% - of turnover is achieved with foreign debtors transferred, mainly in the EU and North America, with a limited assumption of "country risk". As regards Transferors, the scope of operations relates to Italian companies. In particular, at geographical level, operations are mainly concentrated in Northern Italy - with a particular focus on Lombardy - and, at sector level, in manufacturing and sales.
The core business of the Company is represented by the granting of loans to the parties indicated above (typically identified with the term "Transferring Customers" or simply "Transferors") by advancing trade receivables claimed by them in the technical form of factoring.
In particular, the Company's main transactions are as follows:
• <u>With recourse factoring</u>: the Company operates through the granting of a loan to customers, which at the same time transfers to the Company business receivables, the payment of which is attributed to the repayment of the financed sum. The collection of the receivable assigned gradually extinguishes the loan and covers its costs and the residual amount (any difference between the nominal amount of the receivable collected and the amount disbursed as an advance) is transferred to the Transferor.
The average percentage of advance payments on the entire portfolio does not normally exceed 80% of the nominal value of the loan transferred; the percentage of disbursement per individual assignment varies according to the specific characteristics of the transaction, the Transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor and other elements that are assessed from time to time).
In this type of transaction, the risk of insolvency of the transferred debtor remains with the Transferor.
• <u>Without recourse factoring</u>: this type of transaction follows the same operating methods described in the previous point but requires the Company to assume the risk of non-payment of the receivable assigned. The transactions without recourse carried out by the company are IAS-compliant, with the transfer of risks from the Transferor to the factor.
The transactions carried out by Generalfinance normally provide for the notification of the individual assignments to the Transferred Debtor ("Factoring Notification"); in particular situations and with specific operational controls, transactions are carried out without notification ("Non-notification").
The assignments normally concern receivables that have already arisen while in certain situations - on the basis of specific operational controls defined from time to time by the decision-making body - assignments of future receivables are carried out.
The assumption of risks involves the acquisition of suitable documentation to allow an assessment of the individual customer, codified in an investigation process, which also provides for customer profiling for anti-money laundering purposes. Through this activity, an analysis report is prepared in favour of the Credit Committee aimed at highlighting the level of credit risk associated to the Transferor and the Transferred Debtors (evaluated, in said case, also at overall portfolio level), as well as the compatibility between the individual loan applications and the credit policy adopted by the Company. The preliminary investigation process is completed when all the additional checks required by internal and supervisory

regulations (e.g. anti-money laundering) are completed, at the end of which the case may be submitted to the Credit Committee.

As the transferee of trade receivables, Generalfinance is exposed to trade credit risk and, subsequently, to financial credit risk. In particular, the risk is appropriately managed through:

- the analysis of the customer (Transferor) and the Transferred debtor, both through internal processing of information taken from company databases, and with the help of data from third parties and specialised public and private bodies;
- the continuous verification of the entire position of the Transferor, both statically, i.e. with reference to the overall risk situation, and dynamically, i.e. with reference to the performance of its relationship with each individual Transferred debtor;
- the verification and analysis of any intragroup relations, understood as relations between a Transferor and Transferred Debtors belonging to the same legal or economic group;
- continuous verification of the regularity of payments by the Transferred Debtors;
- portfolio diversification;
- the continuity and quality of commercial relations between supplier and customer;
- the analysis of the consistency and size of the Transferor in order to obtain the balance of the assumed risk.

In addition to the above-mentioned elements of a purely valuation nature, the prudential policy of the Company is also expressed in the adoption of underwriting and contractual measures:

- insurance coverage of most of the turnover;
- explicit acceptance of the assignment (also in the form of recognition) by the Transferred debtor, on positions deemed worthy of special attention;
- notification to debtors of the Letter of Initiation - LIR and of the individual assignments in order to obtain the enforceability of the factoring transactions and the channelling of collections;
- setting a limit on the amount that can be disbursed to customers (as determined by the Credit Committee) with particular attention to any situations of risk concentration;
- diversification of customers by economic sector and geographical location.

The phases of the Company's credit process were identified as follows:

• <u>Investigation</u>: represents the moment in which credit applications from customers are acquired and assessed submitted, in order to provide the decision-making bodies, with the utmost possible objectivity, with a complete and exhaustive representation of the position of the credit applicant with regard to its capital assets and all other elements necessary for the assessment of creditworthiness and its reliability. In this phase, the information collected with reference to the potential transferred debtors for the purposes of their assessment is analysed.

• <u>Approval</u>: which describes the decision-making process to which loan applications are submitted in order to grant / refuse the loan requested;

• <u>Activation of the relationship</u>: phase in which the contractual documentation is formalised;

• <u>Disbursement</u>: indicates the management process at the end of which the amount subject to the advance of the transferred credit is credited to the Transferor. It therefore refers to a progression of management activities that result in the provision of funds in favour of the Transferor.

• <u>Settlement</u>: indicates the possible management process, at the end of which the amounts Not Disbursed Available are credited to the Transferor, accrued as a result of the collection of the assigned receivables, following the payment made by the Assigned Debtor.

• <u>Monitoring and review</u>: these describe the methods for monitoring the loans disbursed in order to ensure proper credit management, as well as a correct representation of the Company's exposure to each Transferor or group of connected customers. The monitoring is also carried out in order to promptly review the conditions of the loan if the circumstances relating to both the economic performance of the situation of the Transferor and the value of the guarantees should change.

• <u>Renewal</u>: represents the systematic activity - on an annual basis - of complete revision of the position.

• <u>Reporting</u>: the reporting activity is divided into multiple activities aimed at supporting the information flows to the Corporate Bodies and the competent functions.

The possibility for the Transferor to receive the advance payment of the purchase price of the receivables is subject to an in-depth assessment of the transferred debtors, as well as the Transferor itself and the prior granting of an adequate credit line, referring to each debtor.

<u>Maximum Payable</u>

A limit is also defined ("Maximum Payable") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of advance payment of the purchase price of the receivables. It refers to the entire position of the Transferor (individual or at Group level), considered as a whole, and constitutes an operating ceiling, resolved internally by the Company, predetermined and defined to meet operational needs of a management nature. Having these characteristics and not representing any contractual commitment to the customer to grant advances on the assigned receivables up to the defined amount, the above-mentioned limit may be reviewed and modified at its discretion by the Company at any time.

Percentage of disbursement

The percentage of disbursement is defined as the ratio between the value advanced by Generalfinance during the disbursement phase and the nominal value of the loans transferred by the customer to the Company.

The percentage of disbursement per individual Transferor / Debtor varies according to the specific characteristics of the transaction, the Transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor and other elements that are assessed on each occasion a disbursement is carried out).

Debtor Advance Limit

In addition to the previous one, an additional operating limit is assessed ("Debtor Advance Limit") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of Advance on receivables due from a single Debtor or a group of related Debtors. It represents the ratio between the maximum limit (in terms of nominal value) of receivables due from a single Debtor (or group of related Debtors) that the Company is willing to acquire from a particular Transferor ("Cross Credit Line") and the percentage of advances on individual loans.

In any case, the Debtor Advance Line cannot, in any case, exceed EUR 10 million, unless there is a justified resolution of the Board of Directors and without prejudice to the limits envisaged by the applicable Supervisory provisions. This amount may be updated according to the evolution of the Company's own funds.

Pricing

The pricing of factoring transactions is calculated on the basis of a preliminary assessment by the Transferor, but is significantly affected by the outcome of the analysis of the transferred debtors.

To this end, the following are relevant for listing purposes:

- the employment forecasts proposed by the Transferor;
- the defined operating procedures (acceptance, recognition, non-notification);
- the average payment days;
- the number of debtors transferred and their creditworthiness.

Internal rating

The Company assigns each Transferor its own internal rating to classify the factoring relationship according to a numerical progression corresponding to a certain level of creditworthiness. The rating is assigned to the Transferor when the relationship is activated and is continuously updated until its termination.

The "rating" is calculated using, among others, the following elements:

- risk of the receivables transferred, measured on the basis of the assessment of the debtors, the concentration of the risk, degree of insurance as well as in relation to any historical insolvencies;
- objective and subjective assessment of the Transferor (through qualitative / quantitative analysis of the economic and financial results of the customer together with an assessment of the main business elements such as, for example: the goods / services offered, the market to which it belongs, the production and management organisation, as well as on the status and corporate relations);
- ancillary guarantees given (sureties, pledges, mortgages, etc.).

In the event that the analysis of the Debtor's creditworthiness reveals the existence of risk factors, the Risk Assessment Office reports this in the analysis report intended for the Credit Committee. For these positions, at the time of its resolution, the Credit Committee defines specific operating methods, aimed at mitigating the credit risk such as, for example, the reduction of the percentage of advances relating to receivables due from the Debtor concerned, or the containment of the credit risk exposure, again with regard to the Debtor concerned, within a maximum limit of 20% of the total credit line granted to the Transferor.

If, on the other hand, the analysis of the creditworthiness of the Debtor should reveal the existence of significant risk factors, the Credit Committee excludes the assigned receivables due from the Debtor concerned from those subject to advances.

Heading of the risk on the Transferred Debtor

In order to mitigate the concentration risk relating to the portfolio, the credit line to the individual Transferred Debtor may not, as a rule, exceed 30% of the total credit lines assigned to the transferred debtors, unless justified by a resolution of the Credit Committee.

In consideration of the fact that sector regulations (i.e. Circular no. 288 of 3 April 2015) allows the exposure to be assigned to the transferred debtor - rather than the transferor - if certain operational requirements are met aimed at ensuring that the recovery of the credit exposures depends on the payments made by the same debtor, rather than on the solvency of the transferor, the Credit Committee assesses the advisability of adopting this approach in the case of transactions that, as a whole: (i) concern advances to the Transferor for an amount exceeding EUR 2 million or (i) in the event in which it is considered necessary to strengthen the controls for monitoring of the loan assignment relationship, by virtue of the characteristics of the portfolio of "transferred customers".

In order to verify the fulfilment of the aforementioned requirements of the supervisory regulations, Generalfinance has provided that, in the case of the choice of the "transferred customer" approach, a specific "check list" is compiled, subject to evaluation and approval by the Credit Committee and stored electronically to accompany the investigation of the Transferor position.

In addition, both with reference to the "Transferred Debtor" approach and that relating to the "Debtor-Transferor", Generalfinance has adopted internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the business loans acquired, as well as adequate procedures that make it possible to manage any anomalies that may arise during the relationship (e.g. management of anomalous loans, recovery actions, etc.).

Staging criteria - Stage 1 and Stage 2

The Company - in compliance with the approach defined by IFRS 9 for the classification of financial assets (the "Standard"), as well as in relation to the methods for determining the relative provision to cover losses - provides for the allocation of financial assets in three clusters called Stage, in relation to the level of credit risk inherent in the instrument.

Value adjustments are therefore defined as follows:

- *Stage 1:* the write-down is equal to the expected loss within the next 12 months (12-month ECL);
- *Stage 2:* the write-down is equal to the expected loss over the entire residual life of the financial instrument (lifetime ECL)*;*
- *Stage 3*: for non-performing financial assets, the write-down is equal to the lifetime expected loss and is measured in relation to management and debt collection activities.

For the purposes of classification in the three stages, the following rules apply:

- *Stage 1*: performing financial assets that have not undergone a significant increase in credit risk since origination;
- *Stage 2*: performing financial assets for which there has been a significant increase in credit risk (SICR) between the origination date and the reporting date or are characterised by unique characteristics defined in the "backstops" possibly adopted by the Company;
- *Stage 3*: includes all positions classified in default status at the reporting date according to the regulatory definition of impaired loans (EU Regulation 575/2013, EBA GL 2016/07 and Consultation Document of the Bank of Italy of 10 June 2020 "Amendments" to the supervisory provisions for financial intermediaries: application of the new definition of default and other changes regarding credit risk, own funds, investments in property and significant transactions ").

The Company carries out the process of allocation to internships with simultaneous verification of the conditions inherent to the significant increase in credit risk. In line with the requirements of the Standard, the quantification of the SICR must be based on the change in the risk of default expected for the expected life of the financial asset and not on the change in the amount of expected loss (ECL). The Company has chosen to measure the significant increase in the credit risk of the counterparty (Transferor) with subsequent classification of the exposure in Stage 2 in relation to certain automatic events (triggers), for the past due condition is evaluated, according to the definition of the Delegated Regulation (EU) no. 171/2018 on the materiality threshold of past due obligations pursuant to art. 178, paragraph 2, letter d) of the CRR (RD) and discretionary (based on the assessment of the status of the counterparty, in particular in cases of access to an insolvency procedure by the Transferor after the disbursement of the loan).

If, in relation to an exposure classified in Stage 2, the conditions for this classification no longer apply at a subsequent reporting date, it will be reclassified to Stage 1.

The Standard requires that the same transfer criteria be used to transfer an exposure from the different stages. This also refers to the so-called symmetrical approach, which allows an entity to recognise an expected loss over a time horizon of 12 months for all exposures classified in Stage 1, unless the recognition of the expected loss throughout the life of the receivable is changed once the credit risk of these exposures has increased significantly after initial recognition. Therefore,

IFRS 9 provides for the possibility of allocating financial assets in Stage 2 or Stage 3 and to report these exposures in the initial categories if subsequent assessments show that the credit risk has decreased significantly.
In this regard, the Standard states that "if in the previous year an entity measured the loss provision of the financial instrument at an amount equal to the expected losses over the entire life of the instrument, but at the current reporting date it determines that the paragraph 5.5.3 is no longer satisfied, it must measure the loss provision at an amount equal to the expected credit losses in the 12 months following the current reporting date".

Calculation of expected credit loss - Stage 1 and Stage 2

The Company has implemented an accounting model in line with the provisions of international accounting standards, in order to calculate the risk parameters underlying the determination of the *Expected Credit Loss* (ECL): PD, LGD, EAD, at the level of individual exposure.
The Standard provides that the calculation of expected losses (*ECL*) must reflect:

a) a target, probability-weighted amount determined by assessing a range of possible outcomes;
b) the time value of money, discounting the expected cash flows at the reporting date;
c) reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For the measurement of expected losses, the Company has a set of rules defined in accordance with the requirements set out by the accounting standard.
For exposures in Stage 1 and 2, the expected losses at 12 months and lifetime are calculated respectively, based on the stage assigned to the exposure, taking into account the duration of the financial instrument.
In this regard, the approach adopted was differentiated to take into due consideration the significant increase in credit risk associated with loans classified in Stage 2. In light of these considerations, taking into account the short duration (less than one year) of loans disbursed by the Company, a time factor is applied to positions classified as Stage 1 that re-proportions the exposure on the basis of the residual life of the loan, applying a minimum floor (30 days), according to the following formula:

$$EAD = Esposizione * N/365$$

Where N represents the number of days remaining for the single due date of the loan (so-called "practical line").

On the other hand, with regard to the positions classified as Stage 2, in consideration of the observed significant increase in credit risk, it is decided not to use any split of the exposure.

The calculation of expected losses - with the related definition of the risk parameters - is updated periodically and in any case at each reporting date. In particular, the expected loss recognised is measured taking into consideration the specific nature of the portfolio and the business model, or the active risk mitigation policies used in portfolio management.
The ECL is therefore calculated according to the following formula:

$$ECL = PD * LGD * EAD$$

- PD represents the probability of default considering a time horizon of 1 year;
- LGD represents the loss given default;
- EAD measures exposure at default.

Considering that the average credit days are very limited (on average less than 90 days), the different degree of risk recorded between the positions classified in Stage 2 compared to the positions in Stage 1 is intercepted through the use of a time factor applied to the EAD, added to the calculation formula, as specified above.
With regard to credit exposures to financial intermediaries, a 12-month ECL is considered (since the company does not have exposures other than on demand to financial institutions) equal to the average EL of a peer group of Italian banks, based on the probability of default provided by external providers (Bloomberg), taking into account an estimated LGD of 10%.

Risk parameters: Probability of Default (PD)

The Probability of Default is measured at the level of the assigned debtor; this approach is also consistent with the company's business model, which assesses the risk of the counterparties primarily on the basis of the Assigned Debtors portfolio. The approach is also consistent with the provisions of the Supervisory regulations which, under certain legal and

operating conditions, allow the transfer of the risk to the transferred debtor - in place of the transferor - for prudential purposes also for with recourse transactions. which represents the core business of Generalfinance.
The 12-month PD is the one inferred from the ratings provided by external providers, i.e. from the associated PDs.

Taking into account the estimated time horizon of the PD, i.e. 12 months, it is considered reasonable to consider the rating of each transferred debtor on an annual basis. Where the rating has been validated beyond the previous 12 months, it is discarded by the system and the position is treated as unrated.
With regard to the estimate of the lifetime PD to be used to calculate the ECL for loans classified as Stage 2, the following elements were taken into consideration:

- specific nature of the business model ("factoring");
- average days of credit of the portfolio less than 90 days on average.

The proxy of the lifetime PD, the 12-month PD identified according to the previously reported approaches.
With regard to counterparties for which it is not possible to identify any rating provided by external providers, a PD equal to the weighted average PD of the loan portfolio is used as a proxy. This PD is updated periodically (at least annually) in order to reflect the latest information available on the portfolio in the calculation.

Risk parameters: Loss Given Default (LGD)
For the definition of the Loss Given Default (LGD) parameter to be used, due consideration was given to the company's business model that makes it possible, for receivables with recourse, to recover the credit position from both the transferred and the transferor. Therefore, two different approaches were used, for with and without recourse portfolios, in order to incorporate a different estimate of the loss, in line with i) the management of the portfolio ii) the specific nature of the business iii) the different risk mitigation levels.

Risk parameters: Exposure at Default (EAD)
The Exposure at Default or EAD at the reference date consists of the carrying amount at amortized cost. More specifically, the EAD for factoring transactions is equal to the exposure (disbursed not yet collected net of any unpaid portions already collected and not yet retroceded to the Transferor) at the reporting date.

Forward-looking elements and macro-economic scenarios
The Standard requires the inclusion of forward-looking elements in the expected loss estimates, so that they are suitable to represent the macroeconomic conditions forecast for the future. The inclusion of forward-looking information in the estimate of the lifetime expected loss is therefore fundamental for a correct implementation of IFRS 9. However, in consideration of the approach adopted for the estimate of the ECL, the following elements are noted:

- the use of an accurate PD from "third-party" information sources makes it possible to incorporate forward looking elements that are reasonably foreseeable in the short term and taken into consideration by the info providers that process the external ratings ;
- the updating the LGD on an annual basis makes it possible to increase the representativeness of the estimate, already incorporating forward-looking elements in the calculation model.

Write-off
The write-off is an event that gives rise to a full or partial derecognition, when there are no longer reasonable expectations of recovering all or part of the financial asset.
The standard defines the write-down of the gross carrying amount of a financial asset as a result of the reasonable expectation of non-recovery as a case of derecognition. The write-off may concern the entire amount of a financial asset or a part of it and corresponds to the reversal of total value adjustments, as an offsetting entry to the gross value of the financial asset and, for the part exceeding the amount of the total value adjustments, to the impairment of the financial asset recognised directly in the income statement.
If the Company has reasonable expectations of recovering the receivable, the latter can be maintained in the financial statements (current receivable) without effecting a write-off and, in all cases in which there is an expected loss, an appropriate provision must be made to cover the possible lack of full recovery.
Otherwise, if the Company does not have reasonable expectations of recovering it, in whole or in part, the write-off must be carried out, with the effect of shifting the receivable itself or part of it from the financial statements assets to dedicated escrow accounts.

The amount of the write-offs carried out in the reference year that exceeds the amount of the total adjustments made in previous years (and which is therefore recorded as a loss directly in the income statement) is included in the value adjustments.
Any recoveries from collections subsequent to the write-off, on the other hand, are recognised in the income statement under write-backs as a result of the improvement in the creditworthiness of the debtor and the recoveries of the assets previously written down.
Operationally, the write-off resolutions are adopted by the Credit Committee on the proposal of the Credit Department, once the reasonable expectations of recovery, including legal, of the exposure no longer exist. In any case, the maximum term for maintaining the exposure in the financial statements is 2 years. After this deadline, the exposure must be fully written off.

2.3 Credit risk mitigation techniques

Insurance guarantees
Generalfinance has signed with Euler Hermes S.A., secondary office and general representation for Italy ("EH"), two insurance policies against the risks of insolvency of the transferors of the trade receivables and / or the related debtors transferred acquired by the Company in the context of factoring transactions (the "Policies").

In order to improve the disclosure of risk-weighted assets relating to the core business, starting from the prudential reports of June 2021, the Company uses the Policies as instruments to mitigate credit risk, also for prudential purposes for the management of credit risk (credit risk management, "CRM"), in compliance with the provisions of the CRR and the Circular no. 288/2015. This use takes place in the context of a long-term strategic partnership with the company whose primary objective is to support the internal structures in the risk assessment activity, thanks to the enormous information assets, at global level, that EH can boast on the assigned debtors. For Generalfinance, the company is therefore seen as a business partner, rather than a pure protection "provider", which makes the insurance contract particularly effective in the ordinary management of the activity and high-performing from the point of view of the "claims on premiums" ratio.

Due to the recognition of the Policies for CRM purposes, the Company has a so-called "large exposure" towards the guarantor EH. Therefore, the overall exposure to EH must comply with the requirements of the CRR and, in particular, not exceed 25% of the Company's eligible capital, thus limiting the maximum protection effects recognised for prudential purposes to this amount.
In this context, the impacts deriving from the recognition of the Policies for prudential purposes - in terms of lower risk-weighted assets - are calculated on the basis of the maximum exposure to EH, weighted at 20% based on its rating; in essence, Generalfinance - starting from 30 June 2021 - calculates on a quarterly basis the ratio between the limit of large risks and the total exposure insured by EH. This percentage is then applied to the insured risk of each exposure, thus dividing the insurance benefit proportionally over all guaranteed exposures.
The activities carried out by Generalfinance in order to continuously verify the eligibility of insurance policies for CRM purposes and consequently recognise their effect in the calculation of capital requirements are summarised below.
The guarantee management process for CRM purposes is divided into the following sub-phases:

- Acquisition of the guarantee: in this phase, the supplier of the guarantee (i.e. the insurance company) is selected and evaluated. In this context, attention is also paid to the possible concentration risk that would derive from the use of the personal guarantee, taking into account the nature of the guarantee provider, its creditworthiness and business model; in any case, from an internal policy point of view, also taking into account the constraints relating to loan agreements, Generalfinance underwrites policies to hedge credit risk exclusively with leading companies (Euler Hermes - current partner - Coface or Atradius) for the purpose of avoiding the concentration of risks on insurance intermediaries of lower standing. The assessment is carried out by the Credit Department and resolved by the Board of Directors.
- Assessment of eligibility requirements: the eligibility of the guarantee for CRM purposes is assessed, in particular by verifying the type of guarantee and whether the contractual conditions are in line with regulatory provisions; in this context, the contractual text of the policy is defined by the Credit Department and must be submitted in advance to the Finance and Administration Department, which is responsible for assessing compliance with regulatory provisions on CRM.
- Monitoring of the guarantee, a phase in turn broken down into:
  - Monitoring of eligibility requirements: the objective of this monitoring is to verify the continued compliance of the guarantee contract with the regulatory provisions, with particular attention to the phases of renewal of the insurance policy contract or in the presence of contractual changes; in this context, any amendment to the insurance

contract must be submitted in advance to the Finance and Administration Department, which is responsible for assessing compliance with regulatory provisions on CRM.

- Compliance with contractual conditions and clauses: the objective of this phase is to comply with the operating procedures and practices that allow Generalfinance to operate in compliance with the contractual conditions contained in the guarantee contract, in order to maintain the effectiveness of the protection; this activity is the responsibility of the Credit Department, which assesses that the Company's operations are constantly in line with contractual provisions;
- Identification of the relevant characteristics of the policy for reporting purposes: the characteristics of the guarantee used for CRM purposes are analysed in order to identify the relevant aspects for the Supervisory Reports, such as the determination of the value of the guarantee or the weighting to be associated with the supplier of the guarantee, with particular reference to compliance with concentration limits. This activity falls under the responsibility of the Finance and Administration Department (Supervisory Reporting Office).

<u>External ratings provided by ECAI</u>

For the purposes of the Standardised Approach, to determine the risk weight of an exposure, the regulator envisages the use of the external credit assessment only if issued, or endorsed, by an external credit assessment agency (External Credit Assessment Institution "ECAI").
The list of authorised ECAIs is periodically published on the EBA website and adopted by the Bank of Italy. The technical standards regarding the association between the credit risk assessments and the creditworthiness classes of the ECAIs are identified in Implementing Regulation (EU) no. 2016/1799, in accordance with Article 1361, paragraphs 1 and 3, of Regulation (EU) no. 575/2013.

In line with the aforementioned regulations, Generalfinance - starting from 30 June 2021 - uses Cerved Rating Agency SpA ("CRA") as external rating agency (known as ECAI) for the calculation of RWAs relating to exposures to companies, with specific reference to those joint-stock companies that, at the reporting date, have an exposure of more than EUR 100,000, as part of the factoring relationship (without recourse or with recourse) , with the name of the risk on the Transferred Debtor) with a maximum payable amount of more than EUR 2 million.

3. Non-performing credit exposures

The Company has internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the trade receivables purchased, as well as adequate procedures that allow it to manage any anomalies that may arise during the relationship (e.g. management of outstanding debts, recovery actions, etc.).
The entire business process is homogeneous for the types of customers and is implemented by all company functions. It is developed - as mentioned above - along the following main phases: (i) customer acquisition; (ii) investigation (customer / transferor assessment, debtor assessment, guarantor assessment); (iii) approval of the Credit Committee; (iv) formalisation and activation of the advance relationship; (v) monitoring and management of existing relationships, credit lines and guarantees.
The Company carries out periodic checks - typically on a daily basis - to verify the emergence, both among transferors and debtors, of unpaid positions that may generate particular critical issues and in order to promptly adopt the appropriate decisions, if there are any reasons for alarm or criticality. Moreover, on the basis of the flow acquired by the Home Banking system and any information obtained from other company or external sources, all non-payments are duly and promptly recorded and credit risk is continuously monitored.
With reference to the specific risk deriving from delay or non-collection of receivables, the operating methodology developed allows Generalfinance to obtain a series of important safeguards for its exposure. In fact, by virtue of the credit assignment agreement, the Company has the possibility of recovering from the Transferred debtor and in the case of with-recourse assignment, also against the Transferor.

<u>Classification - Stage 3</u>

Stage 3 includes all exposures with objective evidence of impairment, therefore all non-performing exposures: past due loans, unlikely to pay and bad loans.
As regards the classification in the three stages highlighted, note that:

- the classification as impaired past due takes place automatically, on the basis of the provisions of Bank of Italy Circular no. 217, with specific reference to the technical form of factoring and the new definition of default valid from 1

January 2021 provided for by the European Regulation relating to prudential requirements for credit institutions and investment firms (Article 178 of EU Reg. no. 575/2013);

- with regard to unlikely to pay, the classification in this stage 3 takes place against automatic triggers (based on the days past due) and discretionary triggers (based on the consideration of any legal action taken against the transferred debtors);
- with regard to bad loans, a classification in this status is envisaged, in the event of initiation of legal actions on a significant portion of the transferred portfolio, as well as on the transferor (with recourse). In the case of factoring without recourse, at the start of legal actions, the position is classified as non-performing.

The classification as non-performing / non-performing is always resolved by the Credit Committee on the proposal of the Credit Department.

As the conditions no longer apply, the Committee resolves on the possible reclassification of the exposure from unlikely to pay or bad loans.

Expected Credit Loss - Stage 3

The Standard requires the entity to recognise a provision to cover losses for expected credit losses on financial assets measured at amortised cost or at fair value through other income components (FVOCI), receivables implicit in lease contracts, assets deriving from contract or commitments to disburse loans and financial guarantee agreements to which the provisions on impairment apply.

Exposure at Default (EAD) (as at the reporting date) consists of the book value at amortised cost net of the insurance guarantee supporting the loan, except for the commitment component to disburse the loan, for which the exposure is the off-balance sheet value weighted by the Credit Conversion Factor (CCF) estimated by the Company. In this regard, it should be noted that the Company has no commitments to disburse funds, therefore the EAD is equal to the exposure (disbursed not yet collected net of any unpaid portions already collected and not yet retroceded to the Transferor) net of the insurance guarantee as at the reporting date.

The Standard also requires an entity to measure the expected credit losses of the financial instrument in a way that reflects:

a) a target, probability-weighted amount, determined by assessing a range of possible outcomes;

b) the time value of money; and

c) reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For a non-performing financial asset as at the reporting date, which is not a purchased or originated impaired financial asset, the entity must measure the expected credit losses as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. Adjustments are recognised as a profit or loss due to impairment in the income statement.

With regard to unlikely to pay and bad loans, the value of the provisions is always established by resolution of the Credit Committee on the proposal of the Credit Department, at the time of classification in said administrative statuses.

Quantitative information

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

Portfolios / Quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	284,252	754,434	58,947	12,881,973	319,128,340	333,107,946
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	28,569	28,569
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/03/2022	**284,252**	**754,434**	**58,947**	**12,881,973**	**319,156,909**	**333,136,515**
Total 31/12/2021	**316,586**	**78,931**	**-**	**10,273,891**	**310,402,776**	**321,072,184**

6. Credit exposures to customers, banks and financial companies

6.4 Credit and off-balance sheet exposures to customers: gross and net values

Types of exposures / Values	Gross exposure					Total value adjustments and total provisions					Net exposure	Total partial write-offs
		First stage	Second stage	Third stage	purchased or originated impaired		First stage	Second stage	Third stage	purchased or originated impaired		
A. Cash credit exposures												
a) Bad loans	609,681	X	-	609,491	190	325,429	X	-	325,334	95	284,252	38,000
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	797,702	X	-	797,702	-	43,268	X	-	43,268	-	754,434	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	58,960	X	-	58,960	-	13	X	-	13	-	58,947	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	12,969,486	12,526,050	443,436	X	-	87,513	84,047	3,466	X	-	12,881,973	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	319,448,399	319,439,408	8,991	X	-	320,059	320,032	27	X	-	319,128,340	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**333,884,228**	**331,965,458**	**452,427**	**1,466,153**	**190**	**776,282**	**404,079**	**3,493**	**368,615**	**95**	**333,107,946**	**38,000**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B)	**333,884,228**	**331,965,458**	**452,427**	**1,466,153**	**190**	**776,282**	**404,079**	**3,493**	**368,615**	**95**	**333,107,946**	**38,000**

9. Credit concentration

9.3 Large Exposures

(values in Euro)	31/03/2022
a) book value	64,054,362
b) weighted value	26,450,781
c) number	7

The table shows the amount and number of counterparties with a weighted exposure, according to the rules envisaged by the prudential supervisory regulations, greater than 10% of the eligible capital.
The risks with respect to individual customers of the same intermediary are considered as a whole if there are legal or economic connections between the customers.
The amount is the sum of cash risk assets and off-balance sheet transactions with a customer.

10. Models and other methods for measuring and managing credit risk

For the purposes of measuring the capital requirement for credit risk, Generalfinance adopts the standardised approach envisaged by prudential regulations, taking into account any portion of exposure guaranteed by insurance policies on eligible credits for CRM purposes. The company also makes use of Cerved Rating Agency Spa ("CRA") as an external rating agency (known as ECAI) for the calculation of RWAs relating to exposures to companies, with specific reference to those joint-stock companies that, at the reporting date, have an exposure of more than EUR 100,000, as part of the factoring relationship (without recourse or with recourse) , with the name of the risk on the Transferred Debtor) with a maximum payable amount of more than EUR 2 million.

11. Other quantitative information

There are no other quantitative aspects worthy of mention in this section.

3.2 MARKET RISKS

3.2.1 Interest rate risk

Qualitative information

1. General aspects

Interest rate risk is caused by differences in maturities and in the repricing times of the interest rate of assets and liabilities. In the presence of these differences, fluctuations in interest rates can determine both a change in the expected interest margin and a change in the value of assets and liabilities and therefore in the value of shareholders' equity.
The operations of Generalfinance are concentrated in the short-term; the loans granted are self-liquidating and have a short residual life directly related to the collection times of the transferred trade receivables.
These characteristics determine a significant mitigation of the exposure to interest rate risk.

3.2.2 Price risk

Qualitative information

1. General aspects

The financial institution does not normally assume price fluctuations.

3.2.3 Currency risk

Qualitative information

1. General aspects

The financial institution does not normally assume exchange rate risks.

3.3 OPERATIONAL RISKS

Qualitative information

1. General aspects, management processes and measurement methods for operational risk

In relation to operational risk, understood as the risk of losses deriving from malfunctions in procedures, personnel and internal systems, or from external events, the Company engages in continuous and progressive action to organise the structure at all levels, pursuing the aim of simplifying and rationalising internal dynamics, in order to improve the efficiency

and effectiveness of horizontal and vertical information flows between the various company entities and to implement and strengthen the controls and control structures in general. This, of course, takes on special relevance also with reference to the monitoring of operational risks.
Generalfinance is exposed to risks typically associated with operations that include, inter alia, risks associated with the interruption and / or malfunctioning of services (including IT services that the Company uses to a significant extent), errors, omissions and delays in the services offered, as well as failure to comply with the procedures relating to risk management.
The Company is therefore exposed to multiple types of operational risk: (i) risk of fraud by employees and external parties, (ii) risk of unauthorised transactions and / or operational errors; (iii) risks related to the failure to keep the documentation relating to the transactions; (iv) risks related to the inadequacy or incorrect functioning of company procedures relating to the identification, monitoring and management of company risks; (v) errors and / or delays in providing the services offered; (vi) risk of sanctions deriving from violation of the regulations applicable to the Company; (vii) risks associated with the failure and / or incorrect functioning of IT systems; (viii) risks related to damages caused to property, plant and equipment deriving from atmospheric events or natural disasters.
To monitor operational risk, the Company has the following controls in place:

- definition of a clear organisational structure, with well-defined, transparent and consistent lines of responsibility;
- mapping and formalisation of business processes ("core" processes and "support" processes) that describe operating practices and identify first-level controls;
- adoption of a "Code of Ethics", which describes the ethical principles, i.e. the rules of conduct that inspire the style of the Company in the conduct of relations with its stakeholders to which each Recipient must refer;
- adoption of the "Organisation, management and control model", pursuant to Legislative Decree no. 231 of 8 June 2001, which sets out the set of preventive and disciplinary measures and procedures suitable for reducing the risk of commission of offences envisaged by the aforementioned decree, within the company organization;
- provision of specific SLAs (Service Level Agreements) in outsourcing contracts.

In relation to the operations of the Company, a significant type of operational risk is represented by legal risk. In this regard, to mitigate potential economic losses resulting from pending legal proceedings against the Company, a provision has been made in the financial statements to an extent consistent with international accounting standards. The amount of the provision is estimated on the basis of multiple elements of opinion mainly concerning the forecast on the outcome of the case and, in particular, the probability of losing the case with the conviction of the Company, and the elements of quantification of the amount that, in the event of losing the case, the Company may be required to pay the counterparty. The forecast on the outcome of the case (risk of losing) takes into account, for each individual position, the aspects of law raised in the court, assessed in light of the case law stance, the evidence actually dismissed during the proceedings and the progress of the proceedings, as well as, for subsequent encumbrances, the outcome of the first instance judgment, as well as past experience and any other useful element, including the opinions of experts, which allow adequate account to be taken of the expected development of the dispute. The amount due in the event of losing is expressed in absolute terms and shows the value estimated on the basis of the results of the proceedings, taking into account the amount requested by the counterparty, the technical estimate carried out internally on the basis of accounting findings and / or those that emerged in the course of the proceedings and, in particular, of the amount ascertained by the court-appointed expert witness - if ordered - as well as the legal interest, calculated on the principal from the notification of the preliminary statement, in addition to any expenses due in the event the case is lost. In cases where it is not possible to determine a reliable estimate (failure to quantify the claims for compensation by the plaintiff, presence of legal and factual uncertainties that render any estimate unreliable), no provisions are made as long as it is impossible to predict the results of the judgment and reliably estimate the amount of any loss.
In view of the requests received, the Company posts the appropriate provisions in the financial statements based on the reconstruction of the amounts potentially at risk, the assessment of the risk carried out according to the degree of "probability" and / or "possibility", as defined by accounting standard IAS 37 and taking into account the most consolidated relevant case law. Therefore, although it is not possible to predict with certainty the final outcome, it is believed that any unfavourable result of these proceedings would not have, either individually or as a whole, a significant negative effect on the financial and economic situation of the Company.

Quantitative information
For the purpose of measuring operational risk, Generalfinance adopts the basic method proposed by the Supervisory Authority. The capital requirement for operational risk is equal to 15% of the average of the relevant indicators for 2019-2021 pursuant to art. 316 of Regulation (EU) no. 575/2013.

3.4 LIQUIDITY RISK

Qualitative information

1. General aspects, management processes and methods for measuring liquidity risk

Liquidity risk measures the risk that the Company may not be able to meet its obligations when they mature. Non-payment may be caused by the inability to obtain the necessary funds (funding liquidity risk) or by limits on the disposal of certain assets (market liquidity risk). The liquidity risk calculation also includes the risk of meeting its payment deadlines at out-of-market costs, i.e. incurring a high cost of funding or even incurring capital losses. With specific reference to the operations of Generalfinance, the funding liquidity risk is significant.

The risk assessment takes place through the preparation of a maturity ladder (prepared both daily and monthly) that compares the receipts (which, for the Company, are essentially identified with the collection of receivables transferred from customers, plus the opening of new loans and cash flows generated by the profitability of the core business) and cash outflows (mainly: disbursements of loans, payment of suppliers and repayments of loans), determining the imbalances relating to certain time horizons and comparing the imbalances themselves with the amount of liquidity reserves (available on bank current accounts and unused credit lines).

Liquidity risk is adequately controlled based on the dynamics of future cash flows, generated by the expected disbursements (up in recent years) and by the financial needs covered with new credit lines and with the cash flow generated by ordinary operations. The funding structure guarantees an adequate structural balance, benefiting in particular from a loan granted by a pool of banks and "committed" until January 2023, for the amount of EUR 133 million. In addition to this loan, the following additional lines help diversify the financial structure by counterparty and technical form:

- a three-year securitisation programme, maturing in December 2024, with the commitment of a leading international bank to subscribe the senior notes of the transaction up to EUR 200 million, with an initial commitment of EUR 75 million;
- bilateral bank lines (subject to collection) and lines with factoring companies for a total of EUR 151.5 million;
- a three-year programme for the issue of commercial paper of up to EUR 100 million.

During 2021, the Company also issued subordinated bonds for EUR 12.5 million.

The Company adopts a careful loan acquisition policy, which has historically guaranteed a limited duration (less than 90 days) of assets (loans to customers) and a related reduced need for *funding*, in the same way the constant monitoring of the maturities of the loans transferred (in conjunction with the timely and effective management of any anomalies) has made it possible to contain the *default* level, with benefits on the structural liquidity profile.

Section 4 - Information on equity

4.1 - Company Equity

4.1.1 Qualitative information

In the first quarter of 2022, the profit amounted to EUR 2,723,155, bringing shareholders' equity to EUR 29,962,615.

The nature of the mandatory minimum external capital requirements and the related monitoring methods

Generalfinance is required to comply with the mandatory minimum capital requirements, pursuant to prudential regulations, with reference to credit risk and operational risk. Market risk, according to the definition provided by the prudential regulations, is not present in the activities of Generalfinance, since the Company does not hold a regulatory trading portfolio. Therefore, the risk is not relevant for the purpose of determining the mandatory minimum requirements.

Currency risk, according to the definition provided by prudential regulations, is also not significant in the activities of Generalfinance.

The company carries out a constant analysis of capital absorption against credit risk and operational risk.

The credit risk control methods and the related supporting reporting are described in the company operating procedures on:

- Resolution and renewal of factoring transactions;
- Debtor assessment;
- Management of the ordinary relationship with customers;
- Management of problem loans.

The presence of the operational requirements instrumental to the transfer of the risk to the debtor in the context of with-recourse or without recourse exposures not recorded is guaranteed by the procedures.

The management of operational risk is mainly entrusted to the organisational units, line controls and the Single Control Function.

4.1.2 Quantitative information

4.1.2.1 Shareholders' equity: breakdown

Items/Values	Total 31/03/2022	Total 31/12/2021
1. Share capital	3,275,758	3,275,758
2. Share premium reserve	7,828,952	7,828,952
3. Reserves	-	-
- of profits	-	-
a) legal	655,152	655,152
b) statutory	-	-
c) treasury shares	-	-
d) others	15,516,659	10,789,977
- others	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	-	-
- Equity securities designated at fair value through other comprehensive income	-	-
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Cash flow hedging	-	-
- Hedging instruments (non-designated elements)	-	-
- Exchange rate differences	-	-
- Non-current assets and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains / losses relating to defined benefit plans	(37,061)	(37,061)
- Portion of valuation reserves relating to equity-accounted investments	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	2,723,155	9,453,364
Total	29,962,615	31,966,142

4.2 - Own funds and regulatory ratios

4.2.1 - Own funds

4.2.1.1 Qualitative information

1. Tier 1 capital

It should be noted that - in accordance with Article 26(2) of Regulation (EU) No. 575/2013 of the European Parliament (the "CRR") - the Tier 1 Capital includes the net profits resulting from the financial statements for the period related to the first quarter of 2022, net of expected dividends.

For the purposes of the above, please note that:

- the profits were verified by entities independent from the entity responsible for auditing the entity's accounts, as required by Article 26 (2) of the CRR.
- the profits were valued in compliance with the standards established by the applicable accounting regulations;
- all foreseeable charges and dividends were deducted from the amount of profits;
- the amount of dividends to be deducted was estimated in accordance with applicable regulations;
- the Board of Directors of Generalfinance will formulate a proposal for the distribution of dividends consistent with the calculation of net profits.

The amount referred to the so-called "Quick Fix" with which the value of the assets in the form of software to be deducted from the Common Equity Tier 1 capital and the amount referred to intangible assets in progress was also deducted from Tier 1 capital.

2. Tier 2 capital

Tier 2 capital includes subordinated bonds that the Company issued in 2021, net of the amortisation charge calculated in accordance with art. 64 of the CRR (EU Regulation no. 575/2013).

4.2.1.2 Quantitative information

	Total 31/03/2022	Total 31/12/2021
A. Tier 1 capital before the application of prudential filters	**29,962,615**	**31,966,142**
B. Prudential filters of Tier 1 capital	-	-
B.1 Positive IAS / IFRS prudential filters (+)	-	-
B.2 Negative IAS / IFRS prudential filters (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A + B)	**29,962,615**	**31,966,142**
D. Elements to be deducted from Tier 1 capital	2,194,366	5,665,072
E. Total Tier 1 capital (C - D)	**27,768,249**	**26,301,070**
F. Tier 2 capital before the application of prudential filters	**12,500,000**	**12,500,000**
G. Prudential filters of Tier 2 capital	-	-
G.1 Positive IAS / IFRS prudential filters (+)	-	-
G.2 Negative IAS / IFRS prudential filters (-)	-	-
H. Tier 2 capital gross of elements to be deducted (F + G)	**12,500,000**	**12,500,000**
I. Elements to be deducted from Tier 2 capital	620,208	250,548
L. Total Tier 2 capital (H - I)	**11,879,792**	**12,249,452**
M. Elements to be deducted from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E + L - M)	**39,648,041**	**38,550,522**

4.2.2 - Capital adequacy

4.2.2.1 Qualitative information

Generalfinance assesses the adequacy of own funds to support current and future assets, in line with its own risk containment policy.

In the context of the ICAAP process, Generalfinance defines the components of total capital (capital components to cover internal capital, i.e. the capital requirement relating to a given risk) on the basis of the prudential methodology. The components of total capital therefore coincide with the items of shareholders' equity and with those of own funds.

The Company measures the following types of risk: credit, operational, concentration, interest rate on the banking book, liquidity. With regard to the first four types, the Company determines the internal capital necessary to hedge the risks generated by current and future assets. Pillar I risks are measured with similar criteria to those used to determine the minimum prudential requirements and, in particular, the standardised method for credit risk and the basic method for operational risk. With reference to the second pillar risks, Generalfinance uses the following quantitative measurement tools proposed in Bank of Italy Circular no. 288/15:

- for concentration risk (by parties and by groups of connected customers), the simplified method proposed in Bank of Italy Circular no. 288/15 under Title IV, Chapter 14, Annex B;
- for interest rate risk on the banking book, the simplified method envisaged by Bank of Italy Circular no. 288/15 in Title IV, Chapter 14, Annex C;
- for liquidity risk, the funding risk measurement maturity ladder model, envisaged by Bank of Italy Circular no. 288/15.

The other Pillar 2 risks are subject to qualitative assessment.

4.2.2.2 Quantitative information

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	31/03/2022	31/12/2021	31/03/2022	31/12/2021
A. RISK ASSETS	-	-	-	-
A.1 Credit and counterparty risk	391,898,626	366,940,749	256,652,989	245,876,990
B. REGULATORY CAPITAL REQUIREMENTS	-	-	-	-
B.1 Credit and counterparty risk	-	-	20,532,239	19,670,159
B.2 Risk for the provision of payment services	-	-	-	-
B.3 Requirement for the issue of electronic money	-	-	-	-
B.4 Specific prudential requirements	-	-	2,822,629	2,822,629
B.5 Total prudential requirements	-	-	23,354,868	22,492,788
C. RISK ASSETS AND SUPERVISORY RATIOS	-	-		
C.1 Risk-weighted assets	-	-	291,935,850	281,159,851
C.2 Tier 1 capital/Risk-weighted assets (TIER 1 capital ratio)	-	-	9.5%	9.4%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)	-	-	13.6%	13.7%

The risk-weighted assets, shown in item C.1, also used in the calculation of the ratios reported in items C.2 and C.3, are calculated as the product of the total prudential requirement (item B.5) and 12.50 (inverse of the mandatory minimum coefficient of 8%).

Section 6 - Transactions with related parties

At present, national legislation does not provide any definition of "related parties"; art. 2427, par. 2, therefore, refers to the provisions of international accounting practice. The accounting standard of reference is IAS 24, the new version of which, approved by the IASB on 4 November 2009, was endorsed with Regulation no. 632 of 19 July 2010. This version defines a related party as a person or entity related to the one preparing the financial statements. Two entities cannot be included among related parties simply because they share a director or another manager with strategic responsibilities.

6.1 Information on remuneration of key management personnel

Apart from the directors, there are no managers with strategic responsibilities.

6.2 Loans and guarantees issued in favour of directors and statutory auditors

It should be noted that the company has no receivables due from directors and statutory auditors and that no guarantees have been issued in favour of directors and statutory auditors.

6.3 Information on transactions with related parties

The following table shows the amounts relating to the balance sheet and income statement transactions with related parties in the first quarter of 2022 as defined above on the basis of the provisions of IAS 24.

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
BALANCE SHEET ITEMS		
10. Cash and cash equivalents	-	1,790,427
40. Financial assets measured at amortised cost	-	1,818,566
120. Other assets	308,172	104,645
Total assets	**308,172**	**3,713,638**
10. Financial liabilities measured at amortised cost	-	40,105,641
80. Other liabilities	761,787	15,071
Total liabilities	**761,787**	**40,120,712**

"Other assets" due from the parent company MGH – Massimo Gianolli Holding S.r.l. refer to the receivable arising from the possibility of recourse for the higher tax owed by the Company as a result of the risk that the tax authorities may disallow the effectiveness of the option for tax consolidation for the 2018 - 2021 tax periods.
Other liabilities' to the parent company MGH - Massimo Gianolli Holding S.r.l. are, as part of the tax consolidation, the debt corresponding to the application of the ordinary Ires rate of 24% to the Company's taxable income for the year 2021, net of

the advances paid to the consolidating company (MGH - Massimo Gianolli Holding S.r.l.) during the year.
For further details, please refer to "Part A – Accounting policies – A.1 – General part –Section 4 – Other aspects*".*

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
INCOME STATEMENT ITEMS		
10. Interest income and similar income	-	16,919
20. Interest expense and similar charges	-	(155,072)
40. Fee and commission income	-	23,464
50. Fee and commission expense	-	(52,749)
160. Administrative expenses: a) personnel expenses	-	(2,367)
160. Administrative expenses: b) other administrative expenses	-	(32,231)
180. Net value adjustments/write-backs on property, plant and equipment	-	(3,978)
200. Other operating expenses/income	74	5,467
Total items	**74**	**(200,547)**
NB. It should be noted that the costs include non-deductible VAT.		

DETAILED STATEMENT OF RELATIONS WITH GROUP COMPANIES (amounts in Euro)	GGH – Gruppo General Holding S.r.l.	Generalbroker S.r.l.
INCOME STATEMENT ITEMS		
200. Other operating expenses/income	5,079	74
Total items	**5,079**	**74**

All transactions with related parties were carried out under market conditions.

Parent company

It should be noted that until 15 February 2022 Generalfinance was part of GFG Gruppo Finanziario General ("GFG"), which included within its scope Generalfinance SpA and GGH - Gruppo General Holding S.r.l. ("GGH"), the latter as the Parent Company. On 23 December 2021, GGH formally filed a request to the Bank of Italy for the cancellation of GFG from the register of financial groups and consequent exemption of GGH from the role of parent company of a financial group, pursuant to Article 109 of the Consolidated Law on Banking and of Bank of Italy Circular no. 288/2015, Title I, Chapter 2, Section IV. On 1 February 2022, the Bank of Italy accepted the request made by GGH and on 15 February 2022, GFG was deleted from the register of financial groups.

At the date of GFG's delisting from the financial groups' register (i.e. from 15 February 2022), Generalfinance S.p.A. is no longer part of GFG Gruppo Finanziario General and GGH no longer holds the role of parent company of a financial group, nor does it carry out management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code in respect of Generalfinance S.p.A.

In this regard, it should be noted that, pursuant to the articles of association of GGH, the exercise of management and coordination activities is excluded with respect to, inter alia, (a) financial intermediaries in which GGH has an interest.

Milan, 29 April 2022

In the name and on behalf of the Board of Directors
The Chairman
Maurizio Dallocchio

Limited audit report

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Generalfinance S.p.A.

Introduction

We have reviewed the accompanying interim financial statements, which comprise the balance sheet and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and other explanatory notes of Generalfinance S.p.A. as of March 31, 2022. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of Generalfinance S.p.A. as at March 31, 2022 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Other Matter

The interim financial information for the period ended as of March 31, 2021, presented for comparative purpose, have not been audited or reviewed.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
May 2, 2022

This report has been translated into the English language solely for the convenience of international readers.