



# Financial Statements 2022





*"Keep your eyes on the  
stars and your feet on  
the ground"*





**BANCA SIMETICA S.p.A.**

Share Capital and Reserves as at 31/12/2022 € 40,814,397

Biella Register of Companies No. 02071270025 - R.E.A. (Economic Administrative Index) No.  
179386 at the Biella Chamber of Commerce for Industry, Agriculture and Handicraft Tax  
code/VAT No. 02071270025

Registered Bank, registration No. 5713 - ABI code No. 3398.5

Member of the Fondo Nazionale di Garanzia (National Guarantee Fund) and of the Fondo  
Interbancario di Tutela dei Depositi (Interbank Deposit Protection Fund)

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## Company boards

### Board of Directors

PIER LUIGI BARBERA	Chairman
GIORGIO MELLO RELLA	Managing Director
MAURO BRUNIERA	Executive Director
ANDREA PERINI	Independent Director

#### **Pier Luigi Barbera**

Chairman

Appointed on 29 April 2021, the Chairman (in continuity with previous appointments in the similar role, from the date of the company's incorporation) fosters the exchange of information within the company, promotes the proper functioning of the system of corporate governance, guaranteeing the balance of powers in respect of the CEO and the other executive directors. He liaises with the internal control bodies and board committees. Along with his coordinating role with the CEO and the General Manager, he oversees, if appointed, the company's external institutional relations. He is authorized to sign severally on behalf of the company in dealings with third parties and before the courts of law.

#### **Giorgio Mello Rella**

Chief Executive Officer

Appointed on 29 April 2021, the CEO (in continuity with previous appointments in the same role) is at the head of the Bank's internal structure; he oversees the management of the company within the scope of the powers granted to him and in accordance with the general guidelines defined by the Board of Directors. The CEO is responsible for exercising the powers assigned to him and for overseeing the execution of the resolutions passed by the Board of Directors.

The CEO is responsible for the implementation of strategic guidelines, the risk appetite framework and risk management policies defined by the body responsible for strategic supervision. He is also responsible for taking all the necessary measures in order to guarantee the compliance of the organization and of the system of internal controls with the principles and requirements set forth in the regulations on prudential supervision, and for monitoring such compliance on a continual basis.

The CEO is operationally responsible for ensuring the completeness, adequacy, functionality (in terms of efficacy and efficiency) and reliability of the information system.

#### **Mauro Bruniera**

Executive Director

He holds the following positions within the portfolio management service (which were conferred on 29 April 2021 in continuation of his previous appointments in the same role):

- to perform analysis and issue forecasts to be used as the basis for general investment strategies;
- to carry on investment activities;
- to manage the business organization;
- to manage personnel.

**Andrea Perini**

Independent Director

Appointed on 29 April 2021 (in continuity with previous appointments in the same role):

- obtains information about how the company is managed and organized from its managers, the internal audit and other auditing activities;
- Involved in appointment and dismissal processes of the bodies responsible for the internal control and risk management functions.

**Board of Statutory**

MARIO ROVETTI	Chairman
GIOVANNI SPOLA	Standing Auditor
FABIO DANIELE	Standing Auditor
LORENZO MAULA	Alternate Auditor
SEBASTIANO BARUSCO	Alternate Auditor

**Independent Auditors**

Ria Grant Thornton S.p.A.

## **Distinguishing factors**

The main distinguishing factors of BANCA SIMETICA S.p.A. are set out in articles 3, 20, 21 and 22 of the BYLAWS:

### **Art. 3) Ethical objectives**

The activities of the company are inspired by the following principles of Ethical Finance:

- ethically oriented finance is sensitive to the non-economic consequences of economic actions;
- lending in its various forms, securities intermediation and more specifically arbitrage trading, are not only a humanright but also socially useful;
- efficiency and sobriety are components of ethical responsibility;
- profit obtained from the possession and exchange of securities must be a consequence of activities carried on with a view to the common interest and must be equally distributed among all parties that contribute to its realization, including employees and partners;
- maximum transparency of all operations is a fundamental requisite of any ethical financial activity;
- the participation not only of shareholders, but also of stakeholders, in the company's decision making process shall be encouraged insofar as and whenever possible;
- acceptance of Ethical Finance principles by an institution shall result in a full performative guidance in accordance with the mentioned criteria.

The company has been set up to manage the financial resources of families, women, men, organizations, companies of any kind and entities, by using their savings and liquid assets for their own interest provided that is not in conflict with the common interest. The company shall not enter into financial relations with economic activities that, even indirectly, obstruct human development and contribute to any violation of fundamental human rights. The company shall have an educational role in helping investors and borrowers to take an interest in how their money is allocated and used and encouraging the latter to develop their autonomy and entrepreneurship by implementing responsible planning strategies.

Furtherly, as a matter to be emphasized, the Bank adopts the definition of sustainable development intended as the development model capable of providing the highest degree of satisfaction of the needs of the current generation without depriving future generations to realize their own.

The Bank adopts a wide approach to sustainability, comprehensive of environmental, social and economic considerations. In conducting investment activities, the bank's focus is oriented toward environmental, social and governance (environmental, social and governance, ESG) by privileging those undertakings:

- (a) attentive to responsible use of natural resources and to related effects on ecosystems;
- (b) attentive to the adoption of proper safety, health, justice, equality and inclusion measures;
- (c) aimed at generating income and running business in respect of both ethical principles and best in class corporate governance procedures.

### **Art. 20) Financial statements and profits**

The financial year shall end on 31 December each year, when the financial statements shall be drawn up in accordance with the law. Net profits shall be allocated as follows:

- preemptively, an amount not inferior to 5% (five per cent) to the legal reserve, until this amounts to one fifth of the sharecapital;
- a portion, to be determined by the Meeting and in any case not inferior to 10% (ten per cent), for social purposes or allocated to a specific provision, in accordance with the purposes set forth in art. 3 above, to:
  - non-profit-making organizations;
  - public bodies;
  - associations, committees, foundations, cooperative societies, other private entities, whether incorporated or not, provided they are non-profit organizations.

Any conflicts of interest shall be disclosed in advance and be governed by the provisions of the law. Said portion shall

be determined by taking into consideration any donations made during the corporate year and recorded in the profit and loss account. The Meeting shall also define the criteria for selecting beneficiaries, the maximum limits and methods of allocation, which must be observed by the Board of Directors operating under the supervision of the Ethics Committee;

- the difference shall be allocated to the shareholders, unless otherwise agreed upon by the Meeting.

### **Art. 21) Ethics Committee**

The General Meeting shall appoint the members of an Ethics Committee. Said Committee shall consist of three members chosen for their ethical standards and who are active in the fields of solidarity, cooperation and scientific research.

The members of the Ethics Committee shall hold office for three years. They shall not receive any remuneration and may not be re-elected for more than two consecutive terms.

The Ethics Committee shall act as an advisory body on ethical matters, overseeing the company's compliance with the principles of ethical conduct as set forth in these bylaws.

The Committee shall elect a chairman. It shall report on its work to the Shareholders' Meeting at least once a year. Said report shall coincide with the approval of the social or sustainability report.

The organization and operation of the Committee shall be governed by specific regulations to be approved by the Board of Directors and endorsed by the Shareholders' Meeting.

### **Art. 22) Social or sustainability report**

In addition to the provisions of articles 2423 *et seq.* of the Italian Civil Code, the Board of Directors shall prepare a social or sustainability report, to be drawn up in compliance with national and international standards, accounting principles and current legislation.

The social or sustainability report shall explain the company's effective pursuit of the corporate purpose as defined under art. 3 of these bylaws and the social, environmental and cultural impacts of its business activities. Specific reference shall be made to allocations of funds for social purposes and donations by the company during the year. The social or sustainability report shall be accompanied by a report by the Ethics Committee, in which the latter shall express its opinion as regards the company's compliance with the bylaws and the decisions of the Meetings, and a report by the Board of Statutory Auditors with its opinion concerning the compatibility of the information provided with that contained in the accounts.

The social or sustainability report shall be submitted to the Shareholders' Meeting for approval on the basis of the same terms and conditions applicable for the approval of the financial statements. It shall thus be made an integral part of the financial statements, along with the accompanying reports.

## **The three "pillars" of Banca Simeica**

At a time of profound upheaval and continuous changes throughout the financial world, we held that the best legal form to remain a viable and competitive player in the marketplace was that of a bank.

Our key objective is to enhance the reputation of the new Bank, on the basis of three distinctive pillars:

- High ideals
- High professional standards
- Irreproachable conduct

We believe our transformation should be finalized in respect of:

- continuing projects and values;
- continuing to be inspired by the main principles of Ethical Finance;
- working with a strong sense of social responsibility;
- continuing to pay the greatest attention to risk control issues;
- continuing to focus on all items of expense in the profit and loss account;
- continuing to put our clients' interests first and foremost;
- continuous and gradual development of all sources of income and prudential and gradual approach to other bank services.

While remaining focused on its mission, creating and fostering a profitable relationship with all the local players that share the same values continues to rank as a priority for the Bank.

This concern for the community is also reflected in the fact that the company supports a number of associations involved in socially useful work, in line with article 20 of the bylaws.

Details of all the projects supported in 2022 are contained in the Social Report.



## Directors' Report

Dear Shareholders,

2022, our twenty-first business year, was also positive for us.

In the year just ended, the global economic framework has been affected by the repercussions of the war in Ukraine and high inflation.

In this backdrop, expectations about the Central Banks maneuvers have created greater volatility in bond markets, favoring an increase in the profitability of arbitrage and market making compared to 2021.

Our trading halls have operated in these market conditions with the usual professionalism, obtaining more than satisfactory results, without increasing the levels of riskiness (which continued to be consistent with the risk profile approved by the corporate bodies and the associated operational limits).

A praise is deserved to the corporate functions of organization and control that have supported with considerable professionalism both the operational departments and the Company's management with centered analysis and proposals. It is also worth noting the usual commitment to confront the changes imposed by the regulatory environment.

With regard to client services, it shall be pointed out that total assets (managed and administrated) amounted to € 106,5 million.

With specific reference to the portfolio management service, it should be noted that in a year characterized by general price drops, both in the bond markets and in the stock markets, the returns of the gross of tax effects of our asset management have recorded a positive return of 1% (weighted average), allowing us to maintain a high professional reputation.

It is also worth noting that, once again, clients of Banca Simetica lodged no claims whatsoever.

Our social commitment, provided for in the Articles of Association with the return of 10% of profits, continued to be carried out with an unchanged commitment, focusing on some local initiatives

For a more detailed description of the contributions made, please refer to the attached Social Report.

The financial statements for the year ended on 31 December 2022 which you are asked to approve, reflect a net profit of Euro 1,669,665 after accounting for depreciation for Euro 169,033 and income tax for Euro 626,160.

The Board of Directors  
The Chairman  
Pier Luigi Barbera

## Changes in the main balance sheet and profit and loss account items

Changes in the main balance sheet and profit and loss account items for the year are illustrated and analyzed in the tables and comments that follow, together with comparatives for the previous year.

### Balance Sheet

<b>ASSETS</b>			
<b>AMOUNTS IN EURO</b>	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>CHANGES</b>
CASH AND RECEIVABLES	51,536,416	47,751,798	3,784,618
FINANCIAL ASSETS HELD FOR TRADING	13,983,841	11,239,910	2,743,931
INTANGIBLE AND TANGIBLE ASSETS	1,793,574	1,859,364	(65,790)
OTHER ASSETS AND TAX ASSETS	9,104,295	7,832,901	1,271,394
<b>TOTAL ASSETS</b>	<b>76,418,126</b>	<b>68,683,973</b>	<b>7,734,153</b>

The Cash and receivables heading includes item 10. Cash and cash equivalents, for € 43,684,054 and item 40. Financial assets measured at amortized cost - a) Loans to banks, for € 7,852,362. This aggregate amount increased with respect to 2021 due to the increased liquidity deposited in accounts with the ECB.

Item 10. Cash and cash equivalents contain all accounts and "on demand" deposits, broken down as follows: Euro 35,241,813 with Central Bank and Euro 16,290,027 with primary credit institutions; these include our settlement bank Intesa Sanpaolo (for Euro 11,413,068) and BFF Bank (for Euro 4,736,671).

Item 40. Financial assets measured at amortized cost - a) Due from banks contains the amount of accounts and deposits not "on demand" in the amount Euro 7,673,927, of which Euro 178,435 is the Mandatory Reserve. This includes receivables for initial margins (and Default Fund) from clearing houses with the intermediation of Intesa San Paolo; these margins are required against positions on financial instruments listed on regulated markets held for trading purposes.

Aggregate financial assets held for trading include Own Securities in the number of Euro 13,983,841 (compared to Euro 11,239,910 in the previous year) under item 20. Financial assets measured at fair value through profit and loss. All financial instruments held in the Own securities portfolio are bonds. The breakdown of this item is shown in the table below:

<b>Financial assets held for trading</b>			
<b>Debt securities</b>	<b>2022</b>	<b>2021</b>	<b>changes</b>
Central banks			
Public-sector entities	13,676,995	10,265,518	33%
Banks	6,882	537,500	(99%)
Other financial undertakings	246,209	258,650	(5%)
Non-financial undertakings	53,755	178,242	(70%)
<b>Total</b>	<b>13,983,841</b>	<b>11,239,910</b>	<b>24%</b>

The main item under Intangible and tangible assets is item 80. Tangible assets, for Euro 1,735,719 (in relation to Euro 1,785,796 in the previous year), comprising the value of the property used as the company's registered office and operational headquarters and the value of the land on which it stands, for a total of Euro 1,541,001.

The main item under Other assets is item 120. Other assets for Euro 8,839,441 (compared to Euro 7,511,341 of the previous year), which comprise regular way purchase and sale transactions the original settlement value of which expired on 31/12/2022 and which were settled at their original price after that date, for a total of Euro 8,375,153 compared with Euro 7,079,744 of the previous year.

## LIABILITIES

<i>AMOUNTS IN EURO</i>	<i>31/12/2022</i>	<i>31/12/2021</i>	<i>CHANGES</i>
BANK BORROWINGS		3,020	(3,020)
DUE TO CLIENTS	24,287,034	21,022,567	3,264,467
FINANCIAL LIABILITIES HELD FOR TRADING	7,188,004	5,252,396	1,935,608
SEVERANCE INDEMNITY	1,316,152	1,612,406	(296,254)
OTHER LIABILITIES AND TAX LIABILITIES	2,539,770	1,695,688	844,082
PROVISIONS FOR RISKS AND CHARGES	272,769	74,054	198,715
SHAREHOLDERS' EQUITY	40,814,397	39,023,842	1,790,555
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>76,418,126</b>	<b>68,683,973</b>	<b>7,734,153</b>

The Due to banks heading includes negative cash balances on current accounts held at banks. Due to clients includes clients' cash balances (under administration and management) as at 31/12/2022 for Euro 24,287,034.

The increase from Euro 21,022,567 in the previous year is mainly due to increased liquidity on the contracts of customers under management.

The Severance indemnity item of Euro 1,316,152 results in a lessening from Euro 1,612,406 of the previous year, despite the effect of the provision for the year, due to the actuarial gain component, determined in accordance with the revised IAS 19 accounting policy and for Severance indemnity paid to employees who resigned in 2022.

In the aggregate Other liabilities and tax liabilities the main component is item 80. Other liabilities for per Euro 1,839,525 (Euro 1,667,838 at year-end of 2021), which comprise "regular way" purchase and sale transactions the original settlement value of which expired on 31/12/2022 and which were settled at their original price after that date, for a total of Euro 803,175 compared with Euro 852,236 at the end of 2021.

The provision for risks and charges was supplemented for prudential provision for additional contribution charges.

## Profit and Loss Account

### PROFIT AND LOSS ACCOUNT

<i>AMOUNTS IN EURO</i>	<i>31/12/2022</i>	<i>31/12/2021</i>	<i>CHANGES</i>
INTEREST MARGIN	352,938	(47,031)	399,969
NET COMMISSIONS	226,540	210,541	15,999
EARNING MARGIN	6,765,190	3,660,184	3,105,006
NET INCOME FROM FINANCIAL MANAGEMENT	6,765,190	3,660,184	3,105,006
OPERATING COSTS	(4,469,365)	(3,506,879)	(962,486)
INCOME TAX	(626,160)	(25,082)	(601,078)
<b>PROFIT FOR THE YEAR</b>	<b>1,669,665</b>	<b>128,223</b>	<b>1,541,442</b>

The interest margin, equal to Euro 352,938, Increases with respect to the Euro -47,031 of the previous year. The result was determined as follows:

	<b>2022</b>	<b>2021</b>	<b>Changes</b>
Interest receivable and similar income	437,288	156,042	180%
Interest payable and similar expenses	(84,350)	(203,073)	(58%)
<b>Total</b>	<b>352,938</b>	<b>(47,031)</b>	

Interest receivable includes coupon payments received in 2022 on debt securities held for trading (Euro 322,095) and interest received for cash deposits at banks (Euro 115,163).

Interest expenses include interest paid for the liquidity held with the ECB, BFF Bank, and BPM.

Net Fees and commissions amounted to Euro 226,540, a decrease of about 8% compared to Euro 210,541 in the previous year. The result was determined as follows:

	<b>2022</b>	<b>2021</b>	<b>Changes</b>
Commission income	676,153	546,637	24%
Commission expense	(449,613)	(336,096)	34%
<b>Total</b>	<b>226,540</b>	<b>210,541</b>	

The growth in commission income is due to the increase in trading fees (Euro 148,096), despite the lessening of management fees (- 18,580 Euro) as a result of the decrease in assets managed in 2022 compared with the previous year.

The increase in commission expense mainly reflects the ascent in the number of purchase and sale transactions through brokers.

Net income from trading, equal to Euro 6,185,712, increased by around 77% with respect to the previous year when it amounted to Euro 3,496,674.

In 2022 the Bank continued to carry out market making (and arbitrage) activities, mainly on the and fixed-income markets operated by Borsa Italiana. The securities traded were the same as in the previous year: bonds issued by governments, supranational organizations and corporate entities.

The ascent in this result is related to a return of volatility in the markets at stake, due to the evolution of expectations on monetary policy choices by Central Banks.

The breakdown of net income from trading for 2022 and for the previous year is provided below.

#### 2022 FINANCIAL YEAR

Transaction/Income item	Gains (A)	Profits from trading (B)	Losses (C)	Losses from trading (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	41,154	12,279,743	91,608	5,189,701	7,039,588
1.1 Debt securities	41,154	12,279,743	91,608	5,189,701	7,039,588
1.2 Equity securities					
1.3 Shares of UCIs					
1.4 Funding					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Financial assets and liabilities: exchange differences		62,991			62,991
4. Derivatives		2,111,499		3,028,366	(916,867)
4.1 Financial derivatives:		2,111,499		3,028,366	(916,867)
- On debt securities and interest rates					
- On equity securities and share indexes					
- On currency and gold					
- Other					
4.2 Credit derivatives					
<b>Total</b>	<b>41,154</b>	<b>14,391,242</b>	<b>91,608</b>	<b>8,218,067</b>	<b>6,185,712</b>

2021 FINANCIAL YEAR

Transaction/Income item	Gains (A)	Profits from trading (B)	Losses (C)	Losses from trading (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	41,694	6,330,033	59,845	2,768,433	3,543,449
1.1 Debt securities	41,694	6,330,033	59,845	2,768,433	3,543,449
1.2 Equity securities					
1.3 Shares of UCIs					
1.4 Funding					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Financial assets and liabilities: exchange differences		62,883			62,883
4. Derivatives		1,362,652		1,472,310	(109,658)
4.1 Financial derivatives:		1,362,652		1,472,310	(109,658)
- On debt securities and interest rates					
- On equity securities and share indexes					
- On currency and gold					
- Other					
4.2 Credit derivatives					
<b>Total</b>	<b>41,694</b>	<b>7,692,685</b>	<b>59,845</b>	<b>4,240,743</b>	<b>3,496,674</b>

Operating costs amounted to Euro 4,469,365 increased about 27% compared to Euro 3,506,879 in the previous year mainly due to the effect of item 160. a) Staff expenses.

In detail, personnel expenses increased owing to a higher rate in the variable component of salaries.

The overall workforce has increased from 13 in 2005 to 23 in 2022.

The average age of employees is 41.

AGE

	2022		2021		2020		2019		2018	
	No.	%								
up to 25	-	-	-	-	-	-	-	-	1	4
From 25 to 30	1	4	1	4	1	4	2	7	1	4
From 31 to 40	11	48	16	61	18	69	18	67	21	78
40 +	11	48	9	35	7	27	7	26	4	15

**GENDER**

	2022		2021		2020		2019		2018	
	No.	%								
Male	17	74	19	73	19	73	19	70	19	70
Female	6	26	7	27	7	27	8	30	8	30

Income tax for the year on current operations amounted to Euro 626,160. The breakdown is as follows:

Income item/Amount	2022
Current income tax (-)	(700,245)
Decrease in current taxes for the year for credits pursuant to Law 214/2011 (+)	19,709
Tax reduction	54,376
<b>Tax for the year (-) (-1+/-2+3+3(b)+/-4+/-5)</b>	<b>(626,160)</b>

Income tax (IRES)	2022
Pre-tax profit (loss)	2,295,825
IRES at theoretical rate of 24.00%	550,998
Additional IRES at theoretical rate of 3.50%	80,354
Tax on increases	101,526
Tax on reductions	(198,595)
IRES at current actual rate of 23.27 %	534,283

IRAP	2022
Pre-tax profit (loss)	2,295,825
IRAP at theoretical rate of 5.57%	127,877
Tax on non-taxable income	(10,935)
Tax on non-deductible expenses	49,020
IRAP at current actual rate of 7.23%	165,962

## Operational highlights

### FINANCIAL INDICATORS

	2022	2021	% CHANGES
TOTAL ASSETS	76,418,126	68,683,973	7,734,153
TOTAL FUNDS USED AND INVESTED (CLIENTS AND BANKS)	7,852,362	8,280,369	(428,007)
TOTAL ASSETS UNDER MANAGEMENT	106,505,226	112,283,392	(5,778,166)
SHAREHOLDERS' EQUITY	40,814,397	39,023,842	1,790,555
INTEREST MARGIN	352,938	-47,031	399,969
EARNING MARGIN	6,765,190	3,660,184	3,105,006
ADMINISTRATIVE EXPENSES AND PERSONNEL COSTS	(4,162,112)	(3,607,867)	554,245
GROSS OPERATING INCOME	2,663,573	308,826	2,354,747
NET INCOME	1,669,665	128,223	1,541,442

Amounts expressed in euro units

### EFFICIENCY RATIOS

	2022	2021
ROE <sup>(1)</sup>	4.18%	0.32 %
ROA <sup>(2)</sup>	2.18%	0.19 %
ADMINISTRATIVE EXPENSES/EARNING MARGIN	61.52%	98.57%
COST/INCOME RATIO <sup>(3)</sup>	66.06%	95.81%

<sup>(1)</sup> Net income / Average shareholders' equity

<sup>(2)</sup> Net income / Total assets

<sup>(3)</sup> Operating costs / Earning margin

## The general situation

In the first quarter of 2022, the economic situation in the main advanced countries began to weaken, initially due to the temporary worsening of the epidemiological situation due to the Omicron variant of the Coronavirus and, later, to the consequences of the invasion of Ukraine by Russia.

The military conflict initially led to a widespread decline in stock prices in major advanced countries (notably to the EEA), jointly with a conspicuous increase in raw material prices, with specific regard to oil and natural gas.

This growth affected consumer inflation rates, already increasing since 2021 due to international supply-side bottlenecks and increases in energy prices.

Described circumstances led the US Federal Reserve to increase the target range of the federal funds rate.

Concurrently, the ECB also adopted a restrictive attitude, communicating a review of the program for the purchase of financial assets.

Expectations regarding further reductions in monetary accommodation, in a context of deep inflationary pressures, led to a rise in long-term government bond yields.

To observe, that rates have nevertheless grown with different intensity between the United States and the European Union (by virtue of a US relatively stricter monetary policy), continuing the depreciation trend of the euro against the USD.

For what concerns stock markets, they then recovered losses at the start of the war in Ukraine, in a context of increased risk appetite.

In the meanwhile, further increases in oil and natural gas prices were recorded, mainly due to export reduction risk of energetic raw materials.

Such increases, in addition, have led the Italian Government to adopt specific temporary measures in order to counter the effects of the increase in energy costs on the households and businesses budgets.

The global economic cycle weakness was protracted over the second quarter in major advanced countries.

In China, lockdowns in some of the major production centers (arranged in March and continued for most of the spring) and, in conjunction with the unfavorable trend in the real estate sector, have led to a sharp weakening of activity.

In the Euro Area, on the other hand, GDP rose by 0.9 per cent from the previous quarter, reflecting both investments and householders' consumptions.

Meanwhile, inflation has continued to rise, reaching the peak level of the last forty years, mainly due to the acceleration of energy and food prices.

Several events linked to the Russian-Ukrainian conflict have affected energy prices, such as the ban on imports of Russian crude oil and petroleum products, other than the news of the reduction in gas flows from Russia to some European countries.

Price increases also led to an acceleration toward monetary policy standardization, both in the United States and the United Kingdom.

With regard to the ECB, it should be noted that the ECB has established the conclusion of net purchases under the Asset Purchase Programme (APP) and, since the July meeting, has proceeded with a former increase in official interest rates.

Inflation increasing and monetary restrictions by central banks were reflected also in the second quarter with regard to significant increases in bond yields.

With specific reference to the Italian government bonds performance, it needs to be highlighted than during the spring, the differential with the corresponding German bonds expanded.

The announcements of the European Central Bank, which at its last June 15 extraordinary meeting of the Governing Council confirmed its commitment to counteract the re-emergence of risks of fragmentation in the euro area, nevertheless they helped to contain the increase in the ten-year spread.

The following month, the European Central Bank has followed up such announcements by approving a new transmission protection instrument (*TPI*) of the monetary policy. Relatively to stock prices, new declines have been experienced, particularly marked in the United States, where the Standard & Poor's 500 index has fallen by about 15 percent since early April.

Meanwhile, the euro continued to depreciate against the dollar, until the reaching of parity on July 12: level representing a low since the end of 2002.

In the third quarter, the trend in economic activity diverged among major advanced economies: in China and in the United States product returned to increase, while in Europe it grew only marginally, continuing to benefit from the good performance of tourism and recreational activities.

Inflation, in the meantime, has continued to grow, driven by factors such as the increase in the price of natural gas (which reached peaks never attained previously) and agricultural raw materials.

Within such framework, the Federal Reserve has delivered two further substantial increases of the benchmark interest rate.

In the same period, also the European Central Bank's Governing Council decided on two increases in interest rates (totaling 1.25 percentage points), expecting to increase them further in future meetings, on the basis of new data and the revised outlook for inflation and growth.

Described maneuvers contributed to boost government bond yields again (especially for the upcoming maturities) and lower stock prices.

In the currency field, in addition to the continuation of the appreciation of the dollar against the main international currencies, it should also be noted that the depreciation of sterling intensified when the UK Government announced its new tax plan; the exchange rate then fell back to the levels before the announcement following the Bank of England's interventions and the withdrawal of several announced tax measures.

The global cyclical framework worsened again in the fourth quarter, continuing to be affected by the repercussions of the war in Ukraine and high inflation.

It is to record, moreover, an impairment in China, due to imposed measures in October and November aimed at containing the Covid-19 pandemic.

With regard to energy prices, the slowdown in world demand has helped to moderate the price of oil.

In addition to this factor, it is to be considered that from that from mid-October the price of natural gas also began to decrease, thanks to the achievement of storage targets and favorable weather conditions.

The framework at stake shall be added with the fact that in December, EU Member States agreed on a corrective mechanism to the natural gas price (which subsequently entered into force from February).

In relation with the above said, the energy component of inflation has begun to show a first deceleration in the last month of the year.

However, price dynamics have been supported by the prices of industrial goods and those of services, due to the gradual transmission of past increases in energy-related goods.

Within such framework, both the Federal Reserve and the ECB has ruled on further increases in reference interest rates, stating that future decisions are based on the evolution of inflation and growth prospects.

In connection with expectations of a gradual price adjustment and, consequently, of the cycle of central bank rises, it should be noted, however, that conditions on international financial markets improved overall between the last period of 2022 and the new year.

In this context, it should be highlighted that that long-term government bond yields, both in Europe and in the United States, were lower than in October in the first days of January.

Stock markets also picked up, with European equities outperforming their global counterparts. Exchange rate growth was particularly strong for the banking sector, reflecting positive results for bank profits and expectations of increases in interest margins.

Moreover, expectations of a reduction in interest rate differentials in the United States and Europe have led to an appreciation of the euro-dollar exchange rate, which has again exceeded the parity.

In the first months of 2023, pricing pressures, while remaining high worldwide level, continued to show signs of moderation.

The return to normality of bottlenecks along global supply chains also continued.

Despite this, delayed effects on the price increase of certain types of products, such as foodstuffs, were detected.

This circumstance led the Central Banks to pursue a restrictive monetary policy, in an attempt to reduce the inflationary pressures under way.

<b>GDP GROWTH RATES IN 2022 (%) <sup>(1)</sup></b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
Italy	0.1	1.1	0.5	-0.1
Euro area	0.6	0.9	0.3	0.1
UK	1	0.1	-0.2	0
US	-0.4	-0.15	0.8	0.73
Japan	-0.4	1.1	-0.3	0.2
China	1.6	-2.7	3.9	0
India	-0.1	0	0.8	
Brazil	1.3	1	0.4	-0.2
Russia	0.6	-5.2	0.4	

(1) % quarter-over-quarter percentage changes

Source: Bloomberg

<b>CONSUMER PRICE INFLATION RATE (%)</b>	<b>Mar. 22</b>	<b>June 22</b>	<b>Sept. 22</b>	<b>Dec. 22</b>
Italy	6.5	8	8.9	11.6
Euro area	7.4	8.6	9.9	9.2
UK	7	9.4	10.1	10.5
US	8.5	9.1	8.2	6.5
Japan	1.2	2.4	3	4
China	1.5	2.5	2.8	1.8
India	6.95	7.01	7.41	5.72
Brazil	11.3	11.9	7.17	5.79
Russia	16.7	15.9	13.7	11.9

Source: Bloomberg

<b>EQUITY MARKET TRENDS (in %)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>First 2 Months 2023</b>
FTSE MIB (Italy)	-8.50	-14.90	-3.03	14.81	15.91
EUROSTOXX50 (euro area)	-9.21	-11.47	-3.96	14.33	11.72
FTSE 100 (UK)	1.78	-4.61	-3.84	8.09	5.70
S&P 500 (US)	-4.95	-16.45	-5.28	7.08	3.40
NIKKEI 225 (Japan)	-3.37	-5.13	-1.73	0.61	5.18
SHANGHAI COMPOSITE (China)	-10.64	4.49	-11.01	2.14	6.18
SENSEX (India)	0.54	-9.48	8.31	5.94	-3.09
BOVESPA (Brazil)	14.48	-17.88	11.67	-0.27	-3.67
MOEX (Russia)	-28.62	-18.44	-11.23	10.06	4.60
MSCI World Euro All Country Weighted TR	-4.80	-15.06	-4.90	6.81	4.48

Source: Bloomberg

<b>INTEREST RATES (%)<sup>(2)</sup></b>	<b>Mar. 22</b>	<b>June 22</b>	<b>Sept. 22</b>	<b>Dec. 22</b>	<b>Feb. 23</b>
12-month BOT	-0.44	0.89	2.09	2.67	3.18
5-year BTP	1.07	2.16	3.09		3.70
10-year BTP	1.81	3.10	3.80	3.96	4.28
10-year BUND	0.57	1.45	2.12	2.53	2.65
10-year T-NOTE	2.13	3.14	3.52	3.62	3.75
Spread ITA-GER in basis points	124	165	168	143	163

Source: Banca d'Italia, Deutsche Bundesbank, FED (and Bloomberg)  
 (2) Average Monthly Values

<b>TRENDS IN COMMODITY PRICES 2022 (%)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>First 2 months 2023</b>
WTI Crude Oil	33.33	5.46	-24.84	1.23	-4.72
Gas	51.26	-3.86	30.25	-36.66	-38.50
Gold	6.86	-7.27	-7.73	9.22	0.33

Source: Bloomberg

<b>CURRENCY TRENDS 2022 (in %)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>First 2 months 2023</b>
EUR/USD	-2.67	-5.27	-6.52	9.22	-1.17
EUR/GBP	0.26	2.20	1.98	0.76	-0.61

Source: Bloomberg

With regard to the Bank's future perspectives, in presenting its latest projections, highlighted that they continue to be subject to exceptionally high uncertainty, to be associated with the development of prices and the availability of raw materials (which in particular affect the possible development of the conflict in Ukraine), as well as the repercussions of the global monetary restriction phase.

## Net profit for the year

Net profit at 31 December 2022 equal to Euro 1,669,665, in comparison to net profit at 31 December 2021 equal to Euro 128,223 results in increasing.

The Bank's core business, also in the course of 2022, continued its market making (and arbitrage) activities mainly on the fixed income markets managed by Borsa Italiana.

The increase in net profit in comparison to 2021 is linked to a return of volatility and volumes recorded on the markets, due to the evolution of expectations on monetary policy choices by central banks.

Lastly, it must be noted that in terms of cost control and containment, there was substantial continuity with previous years.

## Client services

Banca Simetica is authorized to undertake the following investment services:

- Trading on own account;
- Execution of orders on behalf of customers;
- Management of portfolios;
- Receiving and transmitting orders;
- Investment advice.

The Company also provides the following ancillary services:

- Custody and administration of financial instruments;
- Provision of financing for operations relating to financial instruments.

Clients' total equity amounted to €106,5 million at 31/12/2022.

An analysis of the aggregates shows that the asset management component showed a contraction due to the drop in netinflows, which brought assets under management to € 79,3 million, compared to € 85,1 million at the end of 2021. The component of assets under administration instead kept at constant levels: at 31/12/2022, in fact, the administered mass has been attested to € 27,3 Million, regarding the € 27,2 Million at the end of 2021.

A detailed analysis of client characteristics is provided in the specific section of the Social Report.

## Portfolio management

The service of individual asset management was launched on 1/10/2004.

The management lines are active and aim to seize the best opportunities from the markets.

Each line is associated with specific product governance features and a certain risk/return effect.

These aspects are subject to constant monitoring by the corporate control functions.

Currently, the following management lines are active:

- **Simetica Arbitrage Line**- LOW risk profile;
- **Simetica Bond Line** - LOW risk profile;
- **Simetica Balanced Line** - MEDIUM risk profile;
- **Simetica Stock Line** - HIGH risk profile.

Banca Simetica, in the portfolio management performance, applies a series of "ethics criteria", including the exclusion of investments in companies that make a significant part of their turnover in the fields active in the production and/or marketing of arms, tobacco, gambling, pornography and sexual services, as well as in companies (or economies as a whole) that blatantly violate ILO conventions, through child labor exploitation or supporting repressive political regimes.

In transposition of recent European legislation on sustainable finance, it is also noted that investment processes have been complemented by assessments of ESG factors (taking into account environmental, social and governance factors) and the associated sustainability risks.

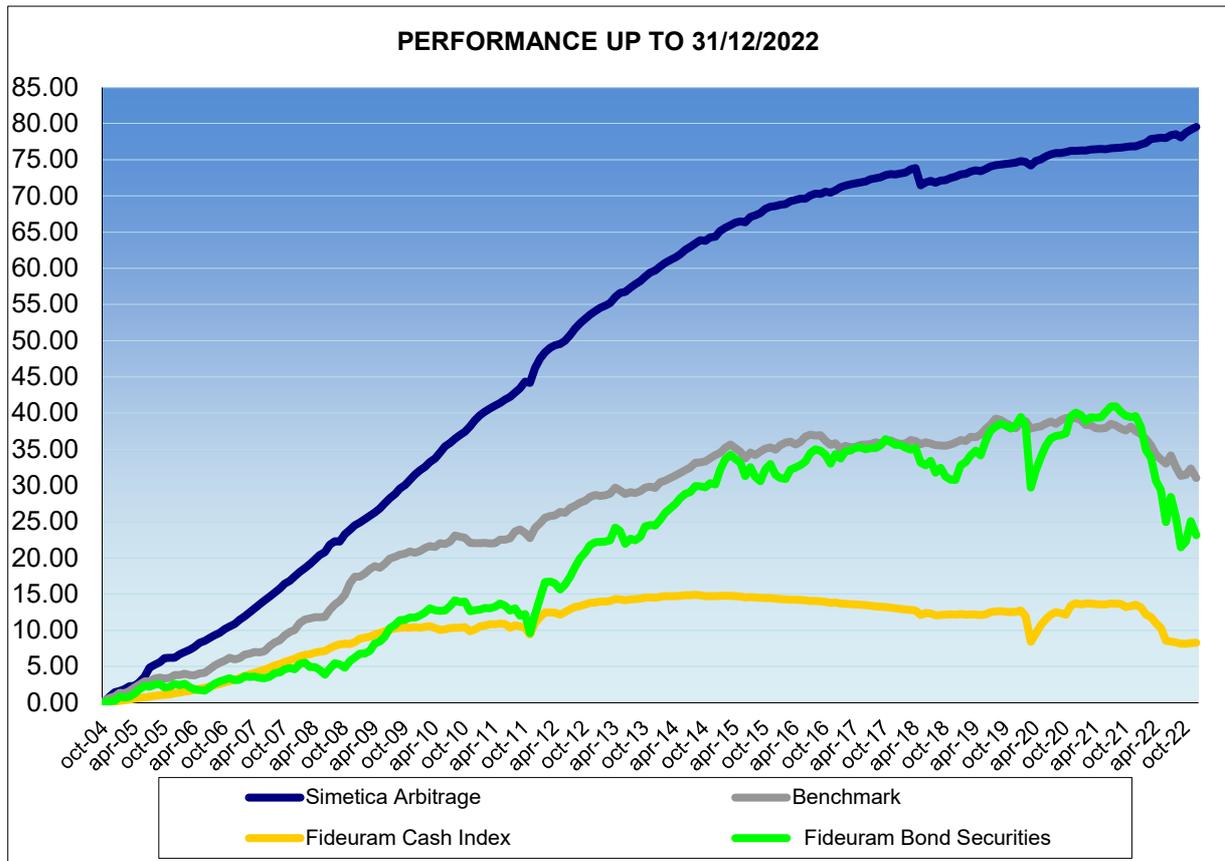
Specifically, each line has been associated with a certain ESG degree (HIGH, MEDIUM, LOW) based on the computation of a specific weighted average ESG score, which, in its turn, is linked with ESG rating assigned to individual securities included in line portfolios by specialized external info-providers, where available.

Further information can be found at:

[https://www.bancasimetica.it/finanza\\_etica.php](https://www.bancasimetica.it/finanza_etica.php)

Analysis of performance as at 31/12/2022 <sup>(1)</sup>

Simetica Arbitrage <sup>(2)</sup>



**SIMETICA ARBITRAGE**

Performance in last 12 months	1.54%
Performance in last 12 months Fideuram Cash Index	-4.61%
Performance in last 12 months Fideuram Security Index	-11.78%
Benchmark performance in last 12 months	-4.72%
Performance from 01/10/2004	79.57%
Performance from 01/10/2004 Fideuram Cash Index	8.28%
Performance from 01/10/2004 Fideuram Security index	23.14%
Benchmark performance from 01/10/2004	31.02%

**BREAKDOWN OF BENCHMARK PERFORMANCE: ARBITRAGE**

Description	Weight
JP Morgan EMU 3 Month	75
JP Morgan EMU	25

(1) Performance is net of fees and gross of tax

(2) Data shown refers to the line that accounts for around 94% of the assets managed.

(3) For details of the other management lines, please refer to the following website: [https://www.bancasimetica.it/rendimenti\\_gestioni.php](https://www.bancasimetica.it/rendimenti_gestioni.php)

## Management fees and commissions

In 2022, management fees amounted to Euro 329,006.

The application of low management fees in relation to the assets under management reflects our specific commitment to safeguarding the actual performance of clients' investments, especially when short-term interest rates are so low.

We believe that building an honest, open relationship with our clients is the best way of earning their trust over the longer term. That is why we do not apply any additional charges, such as per-line fees, account or security deposit charges, etc.

## Capital structure

Banca Simetica is an independent bank. The share capital amounts to Euro 7,600,000 and consists of 7,600 ordinary shares each with a nominal value of Euro 1,000. Details of the share structure are set out in Annex 2.

As at 31 December 2022, shareholders' equity amounted to Euro 40,814,397.

## Corporate Governance

Corporate governance is based on a traditional system of administration and control.

The main provisions regarding corporate governance are set out in the bylaws, which have been drawn up in accordance with current legislation.

In detail, the bylaws establish that the company is managed by a Board of Directors, responsible for strategic supervision. The Board may have between three and eleven members, as determined by the Meeting at the time of appointing the company office-holders.

The bylaws further establish that at least one quarter of the members of the Board of Directors must meet the independence criteria as established by Decree of the Ministry of Economy and Finance of 23 November 2020 n. 169; In detail, they must have the necessary professionalism and authority to foster high-level dialogue among Board members and make a significant contribution to serving the will of the Board. The Board must also include at least one non-executive member.

The Board of Directors defines the company's overall strategy, its risk objectives, the system of corporate governance, the organizational structure and system of internal controls. It oversees the correct implementation of these and takes timely action in the event of any shortcomings or inadequacies.

The Board is vested with full powers as regards the ordinary and extraordinary administration of the company and is empowered to carry out all the acts considered necessary or appropriate in order to implement and achieve the corporate purposes, with the sole exception of those powers pertaining exclusively to the General Meeting under the provisions of the law and the corporate bylaws.

The Chairman of the Board calls Board Meetings and establishes the agenda, promotes the proper functioning of the system of governance and acts as a point of contact for the internal supervisory bodies.

The Chief Executive Officer represents the head of the company's internal structure and as such is vested with powers of management except for those powers that by law cannot be delegated.

The Board of Statutory Auditors is the controlling body responsible for overseeing compliance with the law, regulations and bylaws, the principles of correct administration and, in particular, the adequacy of the company's organizational, administrative and accounting system and its correct functioning.

The Board of Statutory Auditors also has responsibility for overseeing:

- the completeness, adequacy, functionality and reliability of the system of internal controls, of the system of risk control and management and the risk appetite framework;
- the completeness, adequacy, functionality and reliability of the business continuity plan;
- the adequacy of the method used to calculate the internal capital and its compliance with the requirements established by the regulations on prudential supervision.

The Board of Statutory Auditors acts as the supervisory body established pursuant to Legislative Decree No. 231/2001 regarding the administrative liability of companies.

For further details about the organizational structure and corporate governance of Banca Simeica, please refer to the specific corporate governance arrangements document, which is published on the website.

## Internal codes

The company has approved a Code of Conduct which has been drafted on the basis of the Self-Regulatory Rules issued by the Italian Banking Association - ABI, and a detailed set of specific procedures aimed at regulating all aspects in connection with conflicts of interest, market abuse, personal transactions by anyone having access to privileged information and anti-money-laundering laws.

The Board of Directors has also approved a Code of Ethics, which contains the ethical principles underpinning the organizational culture, and their translation into operating rules and criteria of conduct, aimed at guiding the conduct of the company and its operators.

Specifically, these ethical principles are relevant to compliance with the provisions of the law and the provisions contained in the corporate procedural body.

The Code of Ethics also contains the controls aimed at guaranteeing the monitoring of compliance with the principles and rules by personnel.

The company has also implemented an Organizational, Management and Control Model, in accordance with Italian Legislative Decree No. 231/2001. The document provides a detailed set of guidelines, the purpose of which is to prevent the offences for which the company would be held administratively liable under said Italian Legislative Decree No. 231/2001.

Furthermore, the company has adopted provisions regulating its internal systems for reporting of breaches (whistleblowing requirements). These set out the internal procedures that allow employees to report any events or actions that could constitute:

- a breach of the rules governing the provision of investment services and activities;
- a breach of provisions regarding the prevention of money laundering and financing of terrorism;
- a breach of any of the provisions established under the Organizational, Management and Control Model.

## Control environment

The control environment is a fundamental aspect of Banca Simeica's corporate culture, as it influences the degree to which members of staff are aware of the importance of control. It forms the basis for all other aspects of the system of internal controls, including its regulatory and organizational framework.

The control environment reflects the integrity, the ethical standards and expertise of all members of staff, the philosophy and style of management with regard to accepted risk levels, methods and procedures for delegating responsibility, organizational and staff involvement policies, as well as the dedication of the Board of Directors and its ability to set clearly defined objectives.

## The system of internal controls

The internal control system is structured on the basis of the provisions of the regulations in force, with particular reference to Part One, Title IV, Chapter 3 of Bank of Italy Circular No. 285 of 17 December 2013 "Supervisory Provisions for Banks" and the contents of the MiFID2 regulations, including Delegated Regulation (EU) 2017/565.

Mention must then be made of the Anti-Money Laundering regulations with specific reference to the Bank of Italy Provisions issued in the Provision of 26 March 2019.

The main aspects of the system of internal controls insofar as the company bodies are concerned are outlined briefly below:

- The body responsible for strategic management plays a central role in defining the strategic guidelines and the relative risk appetite (with the approval of the Risk Appetite Framework - RAF), as well as in approving key business processes, monitoring the adequacy of the organizational structure and business performance.
- The body with the function of managing strategy implementation is entrusted with the RAF and risk management policies, as well as with the tasks concerning the definition of key company processes, the organizational structure and the actual system of internal controls.
- The control body has responsibility for overseeing the completeness, adequacy, functionality and reliability of the system of internal controls and the RAF.

With regard to the actual controls carried out within the Bank, the latter can be grouped according to a system structured on 3 levels, of which a brief illustration is provided.

### 1. Level one (line controls)

They are intended to ensure the smooth running of operations, and are carried out by the same operating structures or within the back office.

### 2. Level two controls

Their objective shall be to ensure, inter alia:

- the proper implementation of the risk management process;
- compliance with the operational limits assigned to the various functions;
- compliance of business operations with standards, including self-regulation.

The Risk Management function assists with the definition and implementation of the RAF and of the relevant risk management policies and processes (issuing its opinion on the consistency of any significant transactions with the RAF). It is responsible for the development, validation and maintenance of the risk measurement and control systems. It is also responsible for verifying and monitoring the Bank's effective risk levels.

The Compliance function (which is outsourced) is responsible for the ongoing identification of the applicable regulations and appropriate risk prevention procedures. It also verifies the efficacy of planned organizational changes in order to prevent the risk of non-compliance. Its tasks are graduated according to the presence of specialist areas concerning specific regulations (e.g. tax laws, occupational health and safety, data protection, etc.).

The Anti-Money Laundering function (also outsourced) is responsible for identifying the applicable rules, collaborating in identifying suitable procedures, verifying the suitability of the internal control system and procedures adopted, conducting (in conjunction with the other corporate functions concerned) the annual self-assessment exercise on money laundering risks, assessing in advance the money laundering risk associated with new products and services, and drafting a training plan as well as making available flows of information to corporate bodies.

### **3. Level three controls**

They are aimed at detecting breaches of procedures and regulation and periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the information system (ICT audit), with fixed frequency in relation to the nature and intensity of the risks.

The third level controls are carried out by the Internal Audit function.

Ultimately, it is specified that each corporate control function is headed by a manager, appointed by the body with the function of strategic supervision, after consulting the body with the function of control. The persons responsible shall report directly to the corporate bodies and shall be liable to those bodies for the performance of their duties and responsibilities.

## **Risk management and uncertainty**

The risks to which Banca Simeica is potentially exposed have been grouped and classified in the "Risk mapping manual". These risks include market risk, settlement, credit and counterparty risks and operational risk, as well as liquidity, interest rate risks from non-trading activities, reputational and strategic risks.

It must also be noted that the bank, within the framework of its risk mapping:

- has defined legal risk as a separate item, even though the latter is normatively included within operational risk, in order to better identify the appropriate procedural mitigation measures;
- distinguished from IT, money laundering and terrorist financing and conduct risks (highlighted by Bank of Italy Circ. 285/2013 as Pillar II risks), although these can be traced back to operational, legal and reputational risks.

The Risk Mapping Manual also contains a summary of the measurement techniques for the various types of risks identified, both at regulatory and management level.

The regulatory guidelines are those set forth in the prudential supervisory standards issued by Banca d'Italia and in the specific regulations established by the European Parliament and by the Council implementing European agreements. From the management perspective, reference is made to the specific "Risk control manual" which defines the limits approved by the competent company bodies and the respective control mechanisms.

The system of internal operating limits is structured on three levels of importance for each area of activity:

- level I limits represent an initial critical threshold for the various kinds of risk;
- level II limits, if exceeded, could potentially give rise to a higher risk of loss;
- level III limits are those defined by the Board of Directors according to the Risk Appetite Framework.

Reference should be made to part E of the notes for a more detailed description of each type of risk and the relative procedures in place for monitoring and managing these.

Additional information is provided in the Disclosure as at 31/12/2022, prepared in accordance with European Regulation 2013/575 CRR - Capital Requirements Regulation) as amended by Regulation (EU) 2019/876 (CRR II).

Within the meaning of and pursuant to art. 2428 of the Italian Civil Code, the company is not exposed to specific uncertainties strictly related to accounting aspects (in that there are no elements of uncertainty in the measurement of assets, liabilities, proceeds and charges).

Ultimately, it should be noted that the Bank has begun to carry out an analysis of the materiality of the climatic and environmental, physical and transition risks, which are likely to affect the business environment.

Thus, particular attention was paid to the impact of the above risk factors on traditional prudential risks (market, operational, legal and reputational).

As mentioned above, climate and environmental risks have already been integrated into the company's operations as part of the portfolio management service.

In accordance with recent legislation, in fact, the ethical criteria already in force have been updated to take account of ESG factors (which, in addition to taking environmental issues into account, also address social and governance issues), thus entailing management of sustainability risks as a whole, with regard to investments included in the management lines.

## Information system and related risks

In line with provisions introduced by the 15th edition of the Bank of Italy Circular No. 263/2006 and subsequently inserted in the Bank of Italy Circular No. 285 "Supervisory Provisions for banks" with 11<sup>th</sup> update of 21 July 2015, Banca Simetica has adopted internal organizational and procedural controls aimed at regulating: the governance and information system organization, IT risks analysis and management, IT security management, the data management system, the related outsourcing agreements and the procedures aimed at ensuring business continuity.

Within such framework, it should be noted that specific roles and responsibilities relating to the development and management of IT system have been assigned to the corporate bodies and functions.

The Bank has approved several important documents, including:

- Reference model for the information system architecture;
- Information Security Policy;
- Data governance standards;
- Change management procedure

Additionally, it should be pointed out that the Board of Directors has approved a Business Continuity Plan which, among other aspects, contains the identification of critical technical-IT processes, the internal preventive safeguards aimed at maintaining business continuity, the procedures to be activated in the event of an accident, as well as the definition of the Audit Plan.

Following the approval of the 40th updating of the Bank of Italy Circular No. 285/2013, which implemented the "Guidelines on risk management related to information technology (ICT) and security" (EBA/GL/2019/04) a working group has been set up to identify the actions to be taken to fully align with the new regulatory measures. In addition, preliminary analysis of the contents of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (Digital Operational Resilience Act - DORA) was also carried out.

## Capital requirements to cover risks

Risks are measured and the relative capital requirement is calculated according to the regulations for prudential supervision that implement EU law containing the reforms of various agreements of the Basel Committee. Here too, please refer to Part E of the Notes to the Financial Statements and to the public disclosure document on the situation as of 31/12/2022 for more details.

However, we would like to emphasize here that Banca Simetica's shareholders' equity consists only of Primary Tier 1 Capital (CET 1), made up of share capital, revenue reserves (excluding the statutory reserve), and the profit for the year (net of dividends distributed and allocations to the statutory reserve) as positive items and intangible assets as a negative item.

Banca Simetica does not hold innovative capital instruments and the prime quality constituents of its Own Funds derive from its own means.

It must also be noted that the individual solvency coefficient (Total Capital Ratio) is well above the threshold of 8% referred to the minimum regulatory requirements: this coefficient stood at 171,78% at 31/12/2022.

This coefficient is also well above the 13.50% threshold, including the additional requirements determined as a result of the periodic prudential review process conducted on Banca Simetica.

These values are explained by the characteristics of operations carried out within the treasury management and own account business, which are based on the execution of arbitrage transactions (by definition not very risky) and market making, on the fact that the Bank does not currently effect lending operations, and on the Company's high capitalization.

## **Business continuity**

The Directors have carried out a detailed examination of the events that could cast significant doubt on the ability of the Bank to continue operating as a going concern, also in relation to the guidance provided by the Supervisory Authorities in the joint document issued on 6 February 2009.

During their analysis they paid particular attention to financial and management indicators which, if not given due consideration, could undermine the stability and continuity of business. Since the Bank does not fall within any of the aforesaid indicators, also thanks to its capital strength and capacity to generate income, these financial statements have been prepared on a going concern basis.

At present, there are no business tensions such as to undermine company activities.

The FrontOffice and BackOffice platforms supporting the Bank's operations are installed on the Bank's servers and are therefore operational even in the event of temporary unavailability of the service provider.

Our management software is outsourced to Cabel industry S.p.A., whose business continuity plan is closely monitored by the Bank.

## **Human Resources**

A more detailed analysis of our human resources is provided in the specific section of the Social Report.

It must be noted here that the Bank's workforce as at 31 December 2022, in terms of employees, amounted to 23 (of which one is part-time).

All new recruits receive a period of supervised on-the-job training.

Employees' contracts refer to the National Collective Bargaining Agreement for Bank Employees. The company has also adopted all the provisions of Italian Legislative Decree No. 81 of 9 April 2008 implementing Italian law No. 123 of 3 August 2007 concerning health and safety at work.

## **R&D**

In 2022 Banca Simetica continued to undertake important actions aimed at fostering development and strengthening its position as a fully integrated and specialist operator in the trade (including algorithmic trading), arbitrage and market making sector. This, together with the continuous and systematic reviewing of our internal production processes and upgrading to ensure compliance with recent changes in the law, were important factors in enabling us to achieve the results reported in the current financial statements. As at 31 December 2022, no capitalized costs were included among the Bank's intangible fixed assets related to R&D activities.

## **Other Information**

The company does not own and has never purchased or sold any own shares or shares in controlling companies, neither through trust companies or nominees.

There are no subsidiaries, associated companies, parent companies or enterprises controlled by the latter.

## **Social Report**

In accordance with art. 22 of the bylaws, Banca Simetica has drawn up a Social Report. Once approved, this will be attached to the Directors' Report.

## **Significant events after year-end**

There have been no significant events since the end of the last financial year.

## **Outlook**

In the first few months of the year, operations in general and arbitrage and market making activities in particular are yielding slightly higher results than the budget approved by the Board of Directors, which can be linked to the increased volatility trend experienced in the financial markets in the year just ended.

## Allocation of the profit for the year

Dear Shareholders,

You are asked to approve the financial statements for the year ended at 31 December 2022. We propose allocating the net profit for the year, amounting to Euro 1,669,665 as follows:

€	380,000	to shareholders' dividends
€	58,436	to Statutory Social Solidarity Fund*
€	1,231,229	to the extraordinary reserve

\*In determining the statutory fund allocation, account was taken of the donations made during the financial year with attribution to the income statement, equal to Euro 108,531.

Biella, 23 March 2023

The Board of Directors  
The Chairman  
Pier Luigi Barbera

## Balance Sheet

### ASSETS

	2022	2021
10. Cash and cash equivalents	43,684,054	39,471,429
20. Financial assets measured at fair value through profit or loss	13,983,841	11,239,910
a) financial assets held for trading;	13,983,841	11,239,910
40. Financial assets measured at amortised cost	7,852,362	8,280,369
a) due from banks	7,852,362	8,280,369
80. Tangible assets	1,735,719	1,785,796
90. Intangible fixed assets	57,855	73,568
100. Tax assets	264,854	321,560
a) current	171,851	187,000
b) prepaid	93,003	134,560
120 Other assets	8,839,441	7,511,341
<b>Total assets</b>	<b>76,418,126</b>	<b>68,683,973</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

	2022	2021
10. Financial liabilities measured at amortised cost	24,287,034	21,025,587
a) due to banks		3,020
b) due to clients	24,287,034	21,022,567
20. Financial liabilities held for trading	7,188,004	5,252,396
60. Tax liabilities	700,245	27,850
a) current	700,245	27,850
80. Other liabilities	1,839,525	1,667,838
90. Severance indemnity for employees	1,316,152	1,612,406
100. Provisions for risks and charges	272,769	74,054
c) other provisions for risks and charges	272,769	74,054
110. Valuation reserves	(57,709)	(292,599)
140. Reserves	30,302,441	30,288,218
150. Issue premium	1,300,000	1,300,000
160. Share capital	7,600,000	7,600,000
180. Net Profit (Loss) for the year (+/-)	1,669,665	128,223
<b>Total liabilities and shareholders' equity</b>	<b>76,418,126</b>	<b>68,683,973</b>

## Profit and Loss Account

Item	2022	2021
10. Interest receivable and similar income	437,288	156,042
20. Interest payable and similar expenses	(84,350)	(203,073)
<b>30. Interest margin</b>	<b>352,938</b>	<b>(47,031)</b>
40. Commission income	676,153	546,637
50. Commission expense	(449,613)	(336,096)
<b>60. Net commissions</b>	<b>226,540</b>	<b>210,541</b>
80. Net income from trading	6,185,712	3,496,674
<b>120. Earning margin</b>	<b>6,765,190</b>	<b>3,660,184</b>
<b>150. Net income from financial management</b>	<b>6,765,190</b>	<b>3,660,184</b>
160. Administrative expenses:	(4,162,112)	(3,607,867)
a) personnel costs	(2,357,079)	(1,770,577)
b) Other administrative expenses	(1,805,033)	(1,837,290)
170. Net provisions to reserves for risks and charges	(198,715)	
b) Other net provisions	(198,715)	
180. Net value adjustments in respect of tangible assets	(148,922)	(142,630)
190. Net value adjustments in respect of intangible fixed assets	(20,111)	(12,891)
200. Other operating expense/income	60,495	256,509
<b>210. Operating costs</b>	<b>(4,469,365)</b>	<b>(3,506,879)</b>
<b>260. Profit (Loss) on current operations before tax</b>	<b>2,295,825</b>	<b>153,305</b>
270. Income tax for the year on current operations	(626,160)	(25,082)
<b>280. Profit (Loss) on current operations net of tax</b>	<b>1,669,665</b>	<b>128,223</b>
<b>300. Profit (Loss) for the year</b>	<b>1,669,665</b>	<b>128,223</b>

## Statement of comprehensive income

Item	2022	2021
<b>10. Profit (Loss) for the year</b>	<b>1,669,665</b>	<b>128,223</b>
<b>Other income components net of tax not reclassified through profit or loss</b>		
70. Defined benefit plans	234,890	(26,715)
<b>170. Total other income components net of tax</b>	<b>234,890</b>	<b>(26,715)</b>
<b>180. Comprehensive income (Item 10+170)</b>	<b>1,904,555</b>	<b>101,508</b>

## Changes in the year

	Balance at 31.12.2021	Changes in opening balance	Balance at 1.1.2022	Allocation of previous year's profit		Changes in the year							Comprehensive income for 2022	Group shareholders' equity at 31/12/2022
				Reserves	Dividends and other allocations	Changes in reserves	Operations on shareholders' equity							
							Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in capital instruments	Derivatives on own shares	Stock options		
Share capital:														
a) ordinary shares	7,600,000		7,600,000											7,600,000
b) other shares														
Issue premium	1,300,000		1,300,000											1,300,000
Reserves:	30,288,218		30,288,218	14,223										30,302,441
a) retained earnings	30,288,218		30,288,218	14,223										30,302,441
b) other														
Valuation reserves	(292,599)		(292,599)									234,890		(57,709)
Capital instruments														
Treasury shares														
Profit (Loss) for the year	128,223		128,223	(14,223)	(114,000)							1,669,665		1,669,665
Shareholders' equity	39,023,842		39,023,842		(114,000)							1,904,555		40,814,397

### Statement of changes in shareholders' equity 2022

## Changes in the year

	Balance at 31.12.2020	Changes in opening balance	Balance at 1.1.2021	Allocation of previous year's profit		Changes in the year							Shareholders' equity at 31.12.2021	
				Reserves	Dividends and other allocations	Changes in reserves	Operations on shareholders' equity					Comprehensive income for 2021		
							Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in capital instruments	Derivatives on own shares			Stock options
Share capital:														
a) ordinary shares	7,600,000		7,600,000											7,600,000
b) other shares														
Issue premium	1,300,000		1,300,000											1,300,000
Reserves:	28,940,763		28,940,763	1,481,328		(133,873)								30,288,218
a) retained earnings	28,940,763		28,940,763	1,481,328		(133,873)								30,288,218
b) other														
Valuation reserves	(265,884)		(265,884)									(26,715)		(292,599)
Capital instruments														
Treasury shares														
Profit (Loss) for the year	2,431,328		2,431,328	(1,481,328)	(950,000)							128,223		128,223
Shareholders' equity	40,006,207		40,006,207		(950,000)	(133,873)						101,508		39,023,842

## Statement of changes in shareholders' equity 2021

## Cash flow statement – direct method

	Amount	
	2022	2021
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Management</b>	<b>2,577,741</b>	<b>(583,713)</b>
- interest earned (+)	446,639	122,457
- interest paid (-)	(84,350)	(203,073)
- net commissions (+/-)	243,081	212,264
- personnel costs (-)	(2,434,550)	(2,209,352)
- Other costs (-)	(1,839,389)	(1,814,819)
- Other revenues (+)	6,246,310	3,753,077
- tax and duties (-)		(444,267)
<b>2. Cash flow generated/absorbed by financial assets</b>	<b>(4,029,165)</b>	<b>1,009,170</b>
- financial assets held for trading	(2,753,282)	177,375
- other assets	(1,275,883)	831,795
<b>3. Cash flow generated/absorbed by financial liabilities</b>	<b>5,456,305</b>	<b>(23,078,876)</b>
- financial liabilities measured at amortised cost	3,264,467	(21,363,636)
- financial liabilities held for trading	1,935,608	(49,444)
- Other liabilities	256,230	(1,665,796)
<b>Net cash flow generated/absorbed by operating activities</b>	<b>4,004,881</b>	<b>(22,653,419)</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>2. Cash flow absorbed by</b>	<b>(103,243)</b>	<b>(38,431)</b>
- purchase of tangible assets	103,243	38,431
- purchase of intangible fixed assets		
<b>Net cash flow generated/absorbed by investment activities</b>	<b>(103,243)</b>	<b>(38,431)</b>
<b>C. FINANCING ACTIVITIES</b>		
- distribution of dividends and other allocations	(114,000)	(950,000)
<b>Net cash flow generated/absorbed by financing activities</b>	<b>(114,000)</b>	<b>(950,000)</b>
<b>NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR</b>	<b>3,787,638</b>	<b>(23,641,850)</b>

### RECONCILIATION

Balance sheet item	Amount	
	2022	2021
Cash and cash equivalents at start of year	47,748,778	71,390,628
Total net cash flow generated/absorbed during the year	3,787,638	(23,641,850)
<b>Cash and cash equivalents at the end of the year</b>	<b>51,536,416</b>	<b>47,748,778</b>

## **Notes to the Financial Statements**

**Part A - Accounting policies**

**Part B – Information on the balance sheet**

**Part C – Information on the profit and loss account**

**Part D – Comprehensive income**

**Part E – Information on risks and related hedging policies**

**Part F – Equity**

**Part H – Transactions with related parties**

# Notes to the Financial Statements

## Part A - Accounting policies

### A.1 General information

- **Section 1**

#### **Statement of compliance with international accounting standards**

The financial statements of BANCA SIMETICA S.p.A. for the year ended at 31 December 2021 have been drawn up in compliance with the IAS/IFRS developed by the IASB, and the relative interpretations of the IFRIC, adopted by the European Commission under Regulation (EC) No. 1606/2002.

- **Section 2**

#### **Basis of preparation**

These financial statements have been prepared using the same accounting policies and methods as those as at 31 December 2020, to which reference should be made for further details. They also include the following information which refers to IAS/IFRS and relevant SIC/IFRIC interpretations approved by the European Commission up to the date of these accounts.

These financial statements have been drawn up according to the instructions issued by Banca d'Italia in circular No. 262 of 22 December 2005

"Financial statements of banks: drafting criteria and format" as amended on 29 October 2021 (7th update).

The financial statements consist of the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement, the notes to the financial statements and the Directors' report on the standing of BANCA SIMETICA SpA. The accounts in these financial statements are reflected in the company's accounts.

The financial statements have been prepared with reference to the generally accepted accounting principles listed below:

- principle of accruals-based accounting;
- principle of consistency in presentation and classification from one year to the next;
- principle of non-compensation unless expressly allowed;
- principle of substance over form;
- principle of prudence in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities and charges are not understated, but without this leading to the creation of hidden reserves or undue provisions;
- principle of neutrality of information;
- principle of relevance/significance of information.

Unless otherwise specified, the amounts shown in the balance sheet, explanatory notes and Directors' report are in euro. The financial statements have been prepared on a going concern basis. Specifically, the Directors confirmed the appropriateness of the going concern assumption used in preparing these financial statements, also in light of the events referred to below in the section on events after the reporting date and their impact on the business outlook.

- **Section 3**

**Events after the reporting date**

In the first months of 2023, price pressures, whilst remaining high worldwide, continued to show signs of moderation. In addition, the return to normality of bottlenecks along global supply chains also continued.

Despite this, delayed effects on the price increase of certain types of products, such as foodstuffs, were noted.

This led the Central Banks to pursue a restrictive monetary policy in an attempt to reduce the ongoing inflationary pressures.

It should also be pointed out that in March there were strong tensions in the US regional banks sector due to a liquidity crisis that involved some companies such as Silicon Valley Bank.

Fears of contagion have led to widespread stock market sales and at the same time strong purchases of government bonds.

In a climate of general concern, notice of Credite Suisse's financial difficulties then triggered a new wave of declines.

- **Section 4**

**Other aspects**

At present, there are no business tensions such as to undermine company activities or continuity.

In this regard, market making and arbitrage activities are (at present) yielding results slightly superior in comparison to those contained in the budget approved by the Board of Directors.

**Use of estimates and assumptions in preparing financial statements**

Drawing up the accounts also involves the use of estimates and opinions that can significantly affect the values stated in the balance sheet and profit and loss account, and the information about potential assets and liabilities stated in the accounts.

Said estimates must be processed on the basis of the information that is available and subjective judgements, based on past experience, used to formulate reasonable assumptions for disclosing management events.

By their very nature the estimates and assumptions that are used may vary from year to year; values disclosed in these accounts may therefore differ, even quite substantially, from those stated in future accounts as a result of differences in the subjective evaluations that are used.

The main items requiring the greatest use of subjective evaluations are:

- quantification of impairment losses on financial assets;
- determination of the fair value of financial instruments used for reporting purposes;
- quantification of employee funds;
- estimates and assumptions regarding the recoverability of deferred tax assets.

The description of the accounting policies used for the main aggregates in the accounts includes the details necessary in order to identify the main subjective assumptions and evaluations that have been used to draw up these financial statements.

## A.2 Main items in the balance sheet

These financial statements were drawn up on the basis of the following criteria.

### • Financial Assets and Liabilities measured at fair value through profit or loss

A financial asset or liability is classified as held for trading, and included under item 20 "Financial assets measured at fair value through profit or loss" or item 20 "Financial liabilities held for trading" if:

- it is purchased or held mainly for the purpose of selling or repurchasing it in the short-term;
- it is part of a portfolio of well-identified financial instruments that are managed as a group and in respect of which there is evidence of a recent and effective strategy aimed at obtaining a profit in the short-term.

#### Recognition criteria

Financial instruments classified as "assets and liabilities measured at fair value through profit or loss" are recognized at the settlement date, for an amount equal to the cost intended as the fair value of the instrument, excluding any transaction charges or income directly attributable to the instruments.

#### Classification criteria

Financial assets and liabilities include debt securities, equity securities and derivatives, acquired for the main purpose of short-term profit-making.

#### Valuation criteria

Subsequent to initial recognition, the financial instruments in question are measured at fair value, recognizing any changes in the profit and loss account under item 80 "Net income from trading activities". The fair value of assets or liabilities of a trading portfolio is determined by reference to the prices observed in active markets.

In case of securities listed in active markets, the fair value is determined by reference to market prices. A market is defined as active if the prices reflect normal market transactions, are readily and regularly available and express the price of actual and regular market transactions.

#### Derecognition criteria

Financial assets and liabilities held for trading are derecognized when the contractual rights to the cash flows arising from the financial assets or liabilities expire or when the financial assets or liabilities are sold, transferring substantially all the risks and rewards of ownership related to the assets or liabilities in question.

#### Criteria for recognizing income items

Income from the sale of financial assets or liabilities held for trading is recorded in the profit and loss account under item 80 "Net income from trading activities".

### • Financial assets measured at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that have not been quoted in an active market.

#### Recognition criteria

Financial assets measured at amortized cost are initially recognized when the company becomes party to a loan agreement or the creditor acquires the right to receive payment of the amounts agreed upon by contract. This corresponds to the date when the loan is disbursed. The financial instrument is initially recognized at fair value, which corresponds to the total amount disbursed inclusive of income or charges directly attributable to the asset and that are determinable from the outset, regardless of when they are actually settled.

**Classification criteria**

Financial assets measured at amortized cost include loans to banks and financial institutions, which provide for fixed or otherwise determinable payments, are not quoted on active markets and were not classified at the outset as financial assets measured at fair value through other comprehensive income or financial assets recognized at fair value that impact on profit or loss.

**Valuation criteria**

Receivables are measured at amortized cost using the effective interest rate method.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization on any difference between the initial amount and the maturity amount, and minus any write-down (for impairment or non-collection).

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability (or group of financial assets and liabilities) and of allocating the interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, it will be necessary to estimate cash flows, taking into account all the contractual terms of the financial instrument (for example, prepayment, call and similar options) but future credit losses should not be considered. The computation includes all fees and basis points paid or received between the parties to the contract, that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The amortized cost is calculated for all receivables having an original maturity of eighteen months or more as with shorter maturity dates the effect of discounting would be immaterial. Receivables of such short duration as to make the effects of actualization negligible, are stated at face value.

The effective interest rate initially recognized is the rate (known as the original rate) that is also always used to discount expected cash flows and to determine the amortized cost after initial recognition. The presence of objective evidence that a financial asset or group of financial assets may be impaired must be verified at each annual or interim reporting date.

**Derecognition criteria**

Receivables are derecognized when all contractual rights to the cash flows arising from the financial assets expire or when the financial assets are sold, transferring substantially all the risks and benefits of ownership related to the assets in question. Otherwise, the receivables continue to be included in the financial statements at an amount which reflects the residual control over the asset, even though legal ownership has effectively been transferred.

**Criteria for recognizing income items**

Interest relating to "loans to banks" is stated under item "10. Interest and similar income" in profit and loss on an accrual basis.

**• Tangible assets**

"Operating assets" are tangible assets owned and used by the company to carry on its operating activities and the useful life of which extends beyond one financial year.

"Investment property" represents property held with a view to earning rentals or for capital appreciation.

Tangible assets (operating assets and investment property) also include leasehold assets (under finance lease contracts) which are recorded even though the legal right to the assets remains with the lessor company.

### **Recognition criteria**

Tangible assets are initially recognized at cost (under item 80 “Tangible assets”), inclusive of any directly attributable costs incurred in bringing the asset into working condition for its intended use, and any non-recoverable taxes and duties. This value is subsequently increased by additional costs incurred which are expected to generate future economic benefits. Costs for ordinary maintenance on tangible assets are charged to earnings as and when incurred.

The cost of a tangible asset is only recognized as an asset if:

- it is probable that the future economic benefits attributable to the asset will flow to the company;
- the cost of the asset can be measured in a reliable manner.

### **Classification criteria**

Tangible assets include assets include property, plant, electronic equipment and any other type of equipment.

### **Valuation criteria**

Subsequent to initial recognition, operating tangible assets are carried at cost, as described above, less any accumulated depreciation and impairment losses. The depreciable amount, equal to the cost less the residual value (i.e. the estimated amount that would currently be obtained from disposal of the asset at the end of its useful life, after deducting the estimated costs of disposal, if the asset were already in the condition, including obsolescence, expected at the end of its useful life), is depreciated on a straight-line basis over the residual useful life of the asset. The useful life, which is regularly reviewed in order to assess if significant changes in estimates have occurred, is defined as the period of time over which an asset is expected to be used by the company.

The depreciation of an asset starts when the asset is ready for use and ceases when the asset is disposed of and eliminated from the accounting records. As a result, depreciation does not stop when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated.

At each balance sheet or interim report date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. The impairment loss is the difference between the asset's carrying amount and its recoverable amount. The latter is the higher of the fair value, net of selling costs, and the related value in use intended as the present value of the future cash flows expected to be generated by the asset. The impairment loss is immediately recognized in the profit and loss account under item 180 “Net value adjustments in respect of plant, property and equipment”. This item also includes any future Write-ups that may be recorded if the reasons that gave rise to the original impairment cease to exist.

### **Derecognition criteria**

Plant, property and equipment are eliminated from the financial statements at the time of disposal or when the assets are permanently withdrawn from use and no future economic benefits are expected to be generated from their disposal.

### **Criteria for recognizing income items**

Systematic depreciation is recognized in profit and loss under item “180 Net value adjustments in respect of tangible assets”.

Any gains or losses arising on the derecognition or disposal of the tangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are included in the profit and loss account under item 250 “Gains (Losses) from sale of investments”.

### **• Intangible fixed assets**

An intangible asset is an identifiable non-monetary asset without physical substance, that is used by the company to carry out its activities and from which the company can be expected to receive future economic benefits.

An asset is intangible when:

- it is separable, that is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged;
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from other rights and obligations.

The future economic benefits arising from an intangible asset may include the revenues from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the company.

#### **Recognition criteria**

The assets shown in the balance sheet under item 90 "Intangible fixed assets" are recorded at cost and any subsequent costs incurred after their initial recognition are only capitalized if they are expected to generate future economic benefits and only if those costs can be assessed and allocated to the assets in a reliable manner.

The cost of an intangible asset includes:

- the purchase price including any non-recoverable taxes and duties less any discounts and rebates;
- any directly attributable cost required to make the asset ready for its intended use.

#### **Classification criteria**

Intangible fixed assets include application software for multi-year use.

#### **Valuation criteria**

Subsequent to initial recognition, intangible fixed assets with a definite useful life are recognized at cost less cumulative depreciation and any impairment losses that may have occurred.

The amortization is allocated systematically over the best estimate of the asset's useful life, using the straight-line method.

The assets start being amortized when they are ready for use and cease being amortized when the assets are eliminated from the accounting records.

Intangible fixed assets with an indefinite useful service life are recognized at cost less any impairment losses. These assets are not depreciated and are subject to an annual valuation process to verify the appropriateness of the book value.

Impairment losses that arise from the difference between the carrying value of the assets and their recoverable value are recognized, like Write-ups, under item 190 "Net value adjustments in respect of intangible fixed assets".

#### **Derecognition criteria**

Intangible fixed assets are eliminated from the financial statements when disposed of or when no future economic benefits are expected to flow to the company from their use or disposal.

#### **Criteria for recognizing income items**

Systematic depreciation is recognized in the profit and loss account under item "190 Net value adjustments in respect of intangible fixed assets". Any gains or losses arising on the derecognition or disposal of the intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are included in the profit and loss account under item 250 "Gains (Losses) from sale of investments".

#### **• Current and deferred taxes**

Income tax for the year is calculated and stated in the financial statements on an accruals basis and credited or charged to the profit and loss account for the year in which it is earned or incurred.

Differences between the profit reported in the statutory accounts and the taxable income may be temporary or permanent, depending on whether the difference between the statutory and fiscal values of specific income or charge items will be re-absorbed in future.

Permanent differences have no impact on subsequent financial periods and there is no need for any adjustment to the tax stated in profit and loss; temporary differences generate a saving or an increase in tax for the year. This difference is made up in subsequent years and results in a difference between the tax due and tax for the year.

For this reason, the financial statements must not only include “current” tax, i.e. tax calculated according to tax laws, but also “deferred” tax, i.e. tax due on the basis of the timing differences described above, to be paid or recovered in subsequent years.

The provision for income tax is determined on the basis of a prudential forecast of the current tax charge, prepaid tax and deferred tax.

Deferred tax assets are recognized to the extent that it is likely that taxable profits will be available in subsequent years against which deductible temporary differences can be used.

Deferred tax assets and liabilities are continuously reviewed and assessed using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, on the basis of current tax rates and regulations.

## • **Financial liabilities measured at amortized cost**

### **Classification criteria**

Amounts due to clients and to banks consist of financial instruments (other than trade liabilities) which represent the typical form of funding through clients and other banks.

### **Recognition criteria**

Liabilities are initially recognized on the settlement date and at their current value, which is normally the amount paid to the Bank. The initial value also includes any transaction costs and proceeds paid in advance and directly attributable to each liability; the initial value does not include charges recovered by the counterparty creditor or relating to internal administrative costs.

### **Valuation criteria**

Following initial recognition, financial liabilities are measured at their amortized cost using the effective interest rate method. Short-term liabilities continue to be carried at the repayable amount.

### **Derecognition criteria**

Financial liabilities are derecognized when paid or when they have expired. Derecognition also occurs if previously issued securities are repurchased.

## • **Transactions in foreign currency**

### **Recognition criteria**

Transactions in foreign currency are recognized initially in the functional currency, adopting the exchange rate prevailing on the date of the transaction.

### **Valuation criteria**

At the end of the year, accounting entries in foreign currency are valued at the exchange rate prevailing at year-end.

### **Criteria for recognizing income items**

Exchange differences arising from cash settlement or conversion of cash items at rates other than the initial conversion rate, or the conversion rate of the previous financial statements, are recognized in profit and loss for the period in which they arise.

• **Other information**

**Severance indemnity**

Severance indemnity is calculated on an actuarial basis. For the actuarial calculation of this amount the company requested and obtained a report by an actuary registered with the National Actuarial Association, published by the National Order of Actuaries.

The "Projected Unit Credit Cost" method was used for the actuarial calculation. This method is based on the projection of future expense on the basis of statistical records, demographic data and the financial actualization of these flows at market interest rates.

As from 1 January 2013, in accordance with the provisions of the new revised IAS 19, actuarial gains and losses, defined as the difference between the carrying value of the liability and the current value of commitments, are recorded in the statement of comprehensive income and in a specific valuation reserve in shareholders' equity.

**Revenues**

Revenues are recognized when received or when future benefits are likely to be received and said benefits can be measured reliably, as defined by IFRS 15.

**Charges**

Charges are recognized when incurred and when there is a decrease in the future economic benefits that can be measured reliably.

**Criteria for measuring the fair value of financial instruments**

In December 2012 the European Commission published Regulation (EU) No. 1255/2012 endorsing IFRS 13 "Fair Value Measurement", which took effect as from 1 January, 2013.

IFRS 13 defines fair value as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Therefore, according to the definition provided by IFRS 13, the fair value of financial liabilities is the amount that would be paid for the transfer of that liability (exit price), rather than the amounts necessary to settle it.

The fair value of investments listed on active markets is determined by reference to the market price (the bid price or, if that is not available, the average price) on the closing date of the period in question. The fair value of financial instruments listed on active markets is determined on the basis of prices in the active reference market (i.e. the market with the highest trading volume) or obtained from international providers on the closing date of the period in question. A market is defined as active if the prices reflect normal market transactions, are readily and regularly available and express the price of actual and regular market transactions. For financial instruments listed on more than one market, the price on the most advantageous market to which the company has access must be considered.

For financial instruments that are not listed, fair value is determined using valuation models to determine the price at which the instrument would be traded freely between two parties under normal business conditions. The following fair value valuation techniques are used:

- recent market transactions;
- reference to the price of financial instruments that are substantially the same as the one being valued;
- quantitative methods (option pricing models; discounted cash flow analysis;
- pricing models commonly used by market participants that have been demonstrated to provide reliable estimates of prices obtained in actual market transactions).

The fair value of non-listed bonds is calculated by discounting expected cash flows - using interest rate structures that take into consideration the issuer's sector of business and rating, where available.

The fair value of units in investment pools not listed on active markets is determined on the basis of the published net asset value, adjusted where necessary in view of possible changes in value between the date of request for repayment and the actual repayment date.

Equity securities not traded on an active market, for which the fair value cannot be reliably determined on the basis of

the most commonly-used methods (especially discounted cash flow analysis) are valued at cost and adjusted to take into account any significant value decreases.

For financial entries (assets and liabilities) other than FVO derivative contracts, securities and financial instruments, with a residual duration of not more than 18 months, the fair value is assumed to be reasonably close to their carrying value.

## **A.4 FAIR VALUE disclosure**

### **Qualitative disclosure**

When quoted prices in active markets are not available, the determination of their fair value is based on generally accepted and used valuation models.

Financial assets are the only items measured at fair value on a recurring basis. When quoted prices in active markets are not available, the following methods are used to measure the fair value of financial instruments:

The fair value of level 2 financial instruments is determined by reference to observable inputs from providers.

There were no significant changes in the valuation models used compared with the previous year.

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

When assets and liabilities measured at fair value on a recurring basis are not quoted on active markets, their fair value is determined with reference to generally accepted and used valuation models.

There were no significant changes in the valuation models used compared with the previous year.

#### **A.4.2 Valuation processes and sensitivity**

As the Bank does not hold any financial instruments in level 3 of the fair value hierarchy, it does not carry out tests to determine potential changes in fair value, according to type of instrument, attributable to plausible unobservable changes to inputs.

#### **A.4.3 Fair value hierarchy**

Based on that established by IFRS 13, the fair value hierarchy must be applied to all financial instruments that are measured at fair value in the balance sheet. The fair value hierarchy gives the highest priority to quoted prices on active markets and the lowest priority to unobservable inputs, which are more discretionary. Thus, the fair value of instruments listed on active markets is determined by reference to prices on financial markets, whereas the fair value of other financial instruments is determined through the use of valuation models designed to estimate the fair value (exit price). The fair value hierarchy used in these notes is structured as follows:

- "Level 1": the fair value of financial instruments is determined on the basis of observable prices on active (unadjusted) markets available at the reporting date;
- "Level 2"; the fair value of financial instruments is determined on the basis of inputs that are either directly or indirectly observable in active markets for the asset or liability, and may also include the use of valuation models;
- "Level 3"; the fair value of financial instruments is determined on the basis of inputs that are not observable for the asset or liability, and may also include the use of valuation models.

A quoted price in an active market is the most reliable measurement of fair value and, if available, this input must be used to determine such value without any further adjustment. When no quoted prices in active markets are available, financial instruments must be classified as level 2 or 3.

Their fair value is classified as level 2 or level 3 depending on the degree of observability of the valuation model inputs.

Level 2 inputs include:

- prices of similar assets or liabilities available on active markets;
- prices of identical assets or liabilities available on non-active markets;
- inputs other than observable quoted prices for the asset or liability (e.g. interest rates and yield curves observable at commonly quoted intervals, implicit volatility and credit spreads);
- observable market data.

For fair value measurements categorized within level 3, IFRS 13 also requires a description of the sensitivity of the fair value measurement to changes in one or more of the unobservable inputs used in the fair value measurement.

#### **A.4.4 Other information**

The bank does not manage groups of financial assets or liabilities on the basis of its net exposure to market risks or credit risk.

As at 31 December 2022 there is no information to report pursuant to IFRS 13 paragraph 93(i).

Reference must be made to the sections concerning the various accounting categories in part "A.1 General" and specifically "Criteria for measuring the fair value of financial instruments" in part A.2. "Main items in the balance sheet - Other information".

## Quantitative disclosure

### A.4.5 Fair value hierarchy

#### A.4.5.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE

	2022			2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss						
a) financial assets held for trading	13,983,841			11,239,910		
b) financial assets designated at fair value						
c) other financial assets mandatorily measured at fair value						
2. Financial assets measured at fair value through other comprehensive income						
3. Hedging derivatives						
4. Tangible assets			1,735,719			1,785,796
5. Intangible fixed assets			57,855			73,568
<b>Total</b>	<b>13,983,841</b>		<b>1,793,574</b>	<b>11,239,910</b>		<b>1,859,364</b>
1. Financial liabilities held for trading	7,188,004			5,252,396		
2. Financial liabilities designated at fair value						
3. Hedging derivatives						
<b>Total</b>	<b>7,188,004</b>			<b>5,252,396</b>		

#### A.4.5.4 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE

	2022				2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	7,852,362			7,852,362	8,280,369			8,280,369
2. Tangible assets held for investment								
3. Non-current assets and disposal groups								
<b>Total</b>	<b>7,852,362</b>			<b>7,852,362</b>	<b>8,280,369</b>			<b>8,280,369</b>
1. Financial liabilities measured at amortized cost	24,287,034			24,287,034	21,025,587			21,025,587
2. Liabilities associated with a disposal group								
<b>Total</b>	<b>24,287,034</b>			<b>24,287,034</b>	<b>21,025,587</b>			<b>21,025,587</b>

The fair value is equal to the book value as these are demand deposits. Key:

VB= Book value            L2= Level 2  
L1= Level 1                L3= Level 3

### A.5 Day One Profit/Loss information

The Bank did not undertake any transactions involving financial instruments for which the fair value was not based on observable market data.

## Part B - Information on the balance sheet - assets

### Section 1 - Cash and cash equivalents - Item 10

#### 1.1. CASH AND CASH EQUIVALENTS: BREAKDOWN

	2022	2021
a) Cash	4,575	2,480
b) Demand deposits with Central banks	35,241,813	26,232,715
c) Accounts and demand deposits funds with banks	8,437,666	13,236,234
<b>Total</b>	<b>43,684,054</b>	<b>39,471,429</b>

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

#### 2.1 FINANCIAL ASSETS HELD FOR TRADING: PRODUCT BREAKDOWN

Item/Amount	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>A Balance sheet assets</b>						
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities	13,983,841			11,239,910		
2. Equity securities						
3. Shares of UCIs						
4. Funding						
4.1 Repos						
4.2 Other						
<b>Total (A)</b>	<b>13,983,841</b>			<b>11,239,910</b>		
<b>B Derivatives</b>						
1. Financial derivatives						
1.1 trading						
1.2 fair value option						
1.3 other						
2. Credit derivatives						
2.1 trading						
2.2 fair value option						
2.3 other						
<b>Total (B)</b>						
<b>Total (A+B)</b>	<b>13,983,841</b>			<b>11,239,910</b>		

The debt securities in the portfolio at the end of the year related to ordinary own account trading activities.

**2.2. FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN  
BY BORROWER/ISSUER/COUNTERPARTY**

<b>Item/Amount</b>	<b>2022</b>	<b>2021</b>
<b>A. Balance sheet assets</b>		
<b>1. Debt securities</b>	<b>13,983,841</b>	<b>11,239,910</b>
a) Central banks		
b) Public-sector entities	13,676,995	10,265,518
c) Banks	6,882	537,500
d) Other financial undertakings	246,209	258,650
of which: insurance undertakings		
e) Non-financial undertakings	53,755	178,242
<b>2. Equity securities</b>		
a) Banks		
b) Other financial undertakings		
of which: insurance undertakings		
c) Non-financial undertakings		
d) Other issuers		
<b>3. Shares of UCIs</b>		
<b>4. Funding</b>		
a) Central banks		
b) Public-sector entities		
c) Banks		
d) Other financial undertakings		
of which: insurance undertakings		
e) Non-financial undertakings		
f) Households		
<b>Total (A)</b>	<b>13,983,841</b>	<b>11,239,910</b>
<b>B. Derivatives</b>		
a) Central counterparties		
b) Other		
<b>Total (B)</b>		
<b>Total (A+B)</b>	<b>13,983,841</b>	<b>11,239,910</b>

The breakdown of financial assets by issuers' economic sector is in line with Banca d'Italia classification criteria.

Section 4 – Financial assets measured at amortized cost – Item 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST: DUE FROM BANKS: PRODUCT BREAKDOWN

Type of transaction /Amount	2022						2021					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	of which: purchased or originated credit-impaired	L1	L2	L3	Stage 1 and 2	Stage 3	of which: purchased or originated credit-impaired	L1	L2	L3
<b>A. Loans to Central banks</b>												
1. Time deposits												
2. Compulsory reserves												
3. Repos												
4. Other												
<b>B. Loans to banks</b>												
1. Funding												
1.1 Current accounts and demand deposits												
1.2. Time deposits	7,852,362					7,852,362	8,280,369					8,280,369
1.3. Other loans:												
- Reverse repurchase agreement assets												
- Finance leases												
- Other												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
<b>Total</b>	<b>7,852,362</b>					<b>7,852,362</b>	<b>8,280,369</b>					<b>8,280,369</b>

Key

L1= Level 1

L2= Level 2

L3 = Level 3

The compulsory reserve is set aside through BFF Bank; this amount is therefore stated on line B.1.2 "Time deposits".

Line B.1.2 includes receivables for initial margins (and Default Fund) from clearing houses with the intermediation of Intesa SanPaolo; these margins are required against positions on financial instruments listed on regulated markets held for trading purposes.

## Section 8 - Tangible assets - Item 80

### 8.1. TANGIBLE ASSETS FOR OPERATIONAL USE: BREAKDOWN OF ASSETS VALUED AT COST

Asset/Amount	2022	2021
<b>1. Assets owned</b>	<b>1,735,719</b>	<b>1,785,796</b>
a) land	42,000	42,000
b) buildings	1,499,000	1,563,242
c) furniture and fittings	1,190	1,727
d) electronic systems	193,529	178,827
e) other		
<b>2. Leased</b>		
a) land		
b) buildings		
c) furniture and fittings		
d) electronic systems		
e) other		
<b>Total</b>	<b>1,735,719</b>	<b>1,785,796</b>
of which: assets acquired through the enforcement of security		

Tangible assets are recognized at cost and depreciated on the basis of their actual technical-economic deterioration.

There have been no write-ups.

The following depreciation rates are applied:

<b>ASSET GROUP</b>	<b>RATE</b>
Property	3%
Lift system	7.5%
Machinery and miscellaneous equipment	15%
Furniture and fittings	15%
Electronic office equipment	20%
Internal communication and remote signaling systems	25%
Burglar alarm system	30%

8.6 TANGIBLE ASSETS FOR OPERATIONAL USE: CHANGES FOR THE YEAR

	Land	Buildings	Furniture e	Electronic systems	Other	Total
<b>A. Gross opening balance</b>	<b>42,000</b>	<b>2,141,370</b>	<b>375,584</b>	<b>1,905,152</b>		<b>4,464,106</b>
A.1 Total net reductions in value		578,129	373,856	1,726,325		2,678,310
<b>A.2 Net opening balance</b>	<b>42,000</b>	<b>1,563,241</b>	<b>1,728</b>	<b>178,827</b>		<b>1,785,796</b>
<b>B. Increases:</b>				<b>98,845</b>		<b>98,845</b>
B.1 Purchases				98,845		
B.2 Capitalized expenditure on improvements						
B.3 Write-ups						
B.4 Increases in fair value recognized in						
a) equity						
b) profit or loss						
B.5 Positive exchange differences						
B.6 Transfer from properties held for investment						
B.7 Other changes						
<b>C. Decreases:</b>		<b>64,241</b>	<b>538</b>	<b>84,143</b>		<b>148,922</b>
C.1 Disposals						
C.2 Depreciation		64,241	538	84,143		
C.3 Impairment losses recognized in						
a) equity						
b) profit or loss						
C.4 Reductions of fair value recognized in						
a) equity						
b) profit or loss						
C.5 Negative exchange differences						
C.6 Transfers to:						
a) property plant and equipment held for investment purposes						
b) non-current assets and disposal groups						
C.7 Other changes						
<b>D. Net closing balance</b>	<b>42,000</b>	<b>1,499,000</b>	<b>1,190</b>	<b>193,529</b>		<b>1,735,719</b>
D.1 Total net reduction in value		642,370	374,394	1,810,468		
<b>D.2 Gross closing balance</b>	<b>42,000</b>	<b>2,141,370</b>	<b>375,584</b>	<b>2,003,997</b>		<b>4,562,951</b>
E. Carried at cost						

## Section 9 - Intangible fixed assets - Item 90

Intangible fixed assets carried at cost consist entirely of capitalized expenditure on software, amortized over a maximum of five years.

### 9.1 INTANGIBLE FIXED ASSETS: BREAKDOWN BY TYPE OF ASSET

Asset/Amount	2022		2021	
	Finite life	Indefinite life	Finite life	Indefinite life
<b>A.1 Goodwill</b>				
<b>A.2 Other intangible fixed assets</b>				
of which: software	57,855		73,568	
A.2.1 Assets carried at cost:	57,855		73,568	
a) internally generated				
b) Other	57,855		73,568	
A.2.2 Assets measured at fair value:				
a) internally generated				
b) Other				
<b>Total</b>	<b>57,855</b>		<b>73,568</b>	

### 9.2 INTANGIBLE FIXED ASSETS: CHANGES FOR THE YEAR

	Goodwill	Other intangible fixed assets: internally generated		Other intangible fixed assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
<b>A. Opening balance</b>				73,568		73,568
A.1 Total net reductions in value						
<b>A.2 Net opening balance</b>				73,568		73,568
<b>B. Increases</b>				4,398		4,398
B.1 Purchases				4,398		4,398
B.2 Increases in internally generated intangible fixed assets						
B.3 Write-ups						
B.4 Increases in fair value:						
- through equity						
- through profit or loss						
B.5 Positive exchange differences						
B.6 Other changes						
<b>C. Reductions</b>				20,111		20,111
C.1 Disposals						
C.2 Value re-adjustments						
- Depreciation				20,111		20,111
- Write-downs:						
+ through equity						
+ through profit or loss						

C.3 Reduction in fair value:						
- through equity						
- through profit or loss						
C.4 Transfers to non-current assets heldfor sale						
C.5 Negative exchange differences						
C.6 Other changes						
<b>D. Net closing balance</b>				<b>57,855</b>		<b>57,855</b>
D.1 Total net value re-adjustments						
<b>E Gross closing balance</b>				<b>57,855</b>		<b>57,855</b>
F. Carried at cost						

### **Section 10 - Tax assets and tax liabilities - Item 100 on the assets side and Item 60 on the liabilities side**

This section includes tax assets (current and prepaid) and tax liabilities (current and deferred) stated, respectively, under item 100 in assets and 60 in liabilities.

#### **10.1 Prepaid tax assets: breakdown**

Prepaid tax assets for temporary differences in taxable income amounted to a total of Euro 93,003 mainly reflecting prepaid taxes on risks-fund provision.

### 10.3 CHANGES IN PREPAID TAXES (PER CONTRA IN PROFIT AND LOSS)

	2022	2021
<b>1. Opening balance</b>	<b>26,229</b>	<b>26,229</b>
<b>2. Increases</b>	<b>59,632</b>	<b>3,489</b>
2.1 Prepaid taxes recognized in the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) Write-ups	59,632	3,489
d) other		
2.2 New taxes or increases in applicable tax rates		
2.3 Other increases		
<b>3. Reductions</b>	<b>5,256</b>	<b>3,489</b>
3.1 Prepaid taxes cancelled in the year		
a) reversals	5,256	3,489
b) write-downs for non-recovery		
c) due to changes in accounting criteria		
d) other		
3.2 Reductions in applicable tax rates		
3.3 Other reductions:		
a) conversion to tax credit pursuant to Law No. 214/2011		
b) Other		
<b>4. Closing balance</b>	<b>80,605</b>	<b>26,229</b>

At year-end the Bank re-examined its tax position and recorded "prepaid taxes" and "deferred taxes" on the basis of the reasonable certainty of their recovery. The review was carried out in compliance with the applicable accounting standards. The imbalance of prepaid taxes and deferred taxes calculated/cancelled in the year was recorded in the profit and loss account under item 270 "Income tax on current operations for the year".

**10.5 CHANGES IN PREPAID TAXES (PER CONTRA IN SHAREHOLDERS' EQUITY)**

	2022	2021
<b>1. Opening balance</b>	<b>108,331</b>	<b>105,633</b>
<b>2. Increases</b>	<b>11,482</b>	<b>107,415</b>
2.1 Prepaid taxes recognized in the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) other	11,482	107,415
2.2 New taxes or increases in applicable tax rates		
2.3 Other increases		
<b>3. Reductions</b>	<b>107,415</b>	<b>104,717</b>
3.1 Prepaid taxes cancelled in the year		
a) reversals	107,415	104,717
b) write-downs for non-recovery		
c) due to changes in accounting criteria		
d) other		
3.2 Reductions in applicable tax rates		
3.3 Other reductions		
<b>4. Closing balance</b>	<b>12,398</b>	<b>108,331</b>

## 10.7 Other information

Current tax assets and liabilities reflect amounts due from the tax authorities for taxes paid in advance and withholdings and amounts due for taxes for the year.

### Current tax assets

Description	2022	2021
Prepaid IRES		149,000
Prepaid IRAP	27,850	38,000
Credit IRES referred to the previous year	144,001	
<b>Total</b>	<b>171,851</b>	<b>187,000</b>

### Current tax liabilities

Description	2022	2021
Provision for IRES	534,283	
Provision for IRAP	165,962	27,850
<b>Total</b>	<b>700,245</b>	<b>27,850</b>

## Section 12 - Other assets - Item 120

### 12.1 OTHER ASSETS: BREAKDOWN

Description	2022	2021
Prepayments and accrued income	73,821	78,380
Other minor items	9,520	7,671
Transactions in securities to be credited*	8,375,153	7,079,744
Advanced tax payment on savings managed	98,206	98,289
Other receivables from the tax authorities	32,456	20,109
Advance payment of stamp duty	250,285	227,148
<b>Total</b>	<b>8,839,441</b>	<b>7,511,341</b>

\* These are regular way transactions the original settlement value of which expired on 31/12/2022 and which were settled, mainly, at their original price after 31/12/2022

## Part B - Information on the balance sheet - liabilities

### Section 1 – Financial liabilities measured at amortized cost – Item 10

#### 1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BANK BORROWINGS PRODUCT BREAKDOWN

Type of transaction/Amount	2022				2021			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
<b>1. Due to central banks</b>								
<b>2. Bank borrowings</b>								
2.1 Current accounts and demand deposits					3,020			3,020
2.2 Time deposits								
2.3 Loans								
2.3.1 Reverse sale agreements								
2.3.2 Other								
2.4 Liabilities in respect of commitments to repurchase treasury shares								
2.5 Other liabilities								
<b>Total</b>					<b>3,020</b>			<b>3,020</b>

The fair value is equal to the book value as these are demand deposits. Key:

L1= Level 1

L2= Level 2

L3 = Level 3

#### 1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: DUE TO CLIENTS: PRODUCT BREAKDOWN

Type of transaction/Amount	2022				2021			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1 Current accounts and demand deposits	24,287,034			24,287,034	21,022,567			21,022,567
2 Time deposits								
3 Loans								
3.1 Reverse sale agreements								
3.2 Other								
4 Liabilities in respect of commitments to repurchase treasury shares								
5 Other liabilities								
<b>Total</b>	<b>24,287,034</b>			<b>24,287,034</b>	<b>21,022,567</b>			<b>21,022,567</b>

The fair value is equal to the book value as these are demand deposits. Key:

L1= Level 1

L2= Level 2

L3 = Level 3

## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 FINANCIAL LIABILITIES HELD FOR TRADING: PRODUCT BREAKDOWN

Type of transaction/Amount	2022				Fair Value (*)	2021			
	Nominal or notional value	Fair value				Nominal or notional value	Fair value		
		L1	L2	L3			L1	L2	L3
<b>Balance sheet liabilities</b>									
<b>1. Bank borrowings</b>									
2. Due to clients									
3. Debt securities									
3.1 Bonds									
3.1.1 Structured									
3.1.2 Other bonds	7,188,004	7,188,004			5,252,396	5,252,396			
3.2 Other securities									
3.2.1 Structured									
3.2.2 Other									
<b>TOTAL A</b>	<b>7,188,004</b>	<b>7,188,004</b>			<b>5,252,396</b>	<b>5,252,396</b>			
<b>B. Derivatives</b>									
1. Financial derivatives									
1.1 Trading									
1.2 Fair value option									
1.3 Other									
2. Credit derivatives									
2.1 Trading									
2.2 Fair value option									
2.3 Other									
<b>TOTAL B</b>									
<b>TOTAL A+B</b>	<b>7,188,004</b>	<b>7,188,004</b>			<b>5,252,396</b>	<b>5,252,396</b>			

Key:

FV\*= fair value calculated excluding value adjustments due to variations in the credit rating of the issuer since the issue date

L1= Level 1

L2= Level 2

L3 = Level 3

## Section 6 – Tax liabilities – Item 60

See section 10 of Assets.

## Section 8 - Other liabilities - Item 80

### 8.1. OTHER LIABILITIES: BREAKDOWN

	2022	2021
Due to tax authorities	269,863	170,382
Social security	179,101	79,492
Accrued liabilities	359,042	337,111
Due to suppliers	148,361	200,718
Transactions in securities to be settled*	803,175	852,236
Other minor items	79,983	27,899
<b>Total</b>	<b>1,839,525</b>	<b>1,667,838</b>

\*See note of table 12.1

“In detail, “Accrued liabilities” mainly comprise amounts due to employees for € 345,062 in the form of leave due and not taken, contributions, additional monthly payments and allocations to bonuses; € 8,625 for accrued commission expenses and € 5,355 for accrued administrative charges and other expenses.”

## Section 9 - Provision for severance indemnity - Item 90

### 9.1 SEVERANCE INDEMNITY: CHANGES FOR THE YEAR

	2022	2021
<b>A. Opening balance</b>	<b>1,612,406</b>	<b>1,449,365</b>
<b>B. Increases</b>	<b>141,458</b>	<b>165,396</b>
B.1 Provision for the year	141,458	135,984
B.2 Other changes		29,412
<b>C. Reductions</b>	<b>437,712</b>	<b>2,355</b>
C.1 Disbursements made	92,709	
C.2 Other changes	345,003	2,355
<b>D. Closing balance</b>	<b>1,316,152</b>	<b>1,612,406</b>
<b>Total</b>	<b>1,316,152</b>	<b>1,612,406</b>

## 9.2 Other information

Actuarial valuations were performed as of 31 December 2022 by an external actuary specifically appointed for the purpose, who used analytical data supplied by the employment advisor.

The following demographic, economic and financial assumptions were used for the actuarial valuations:

### Demographic assumptions

- The State General Accounting Office (Ragioneria Generale dello Stato) RG48 mortality tables were used for the mortality assumption;
- The probability of termination of service due to absolute and permanent disability was calculated, by age and gender, according to the INPS disability tables;
- For retirement age it was assumed that active employees stop working as soon as they reach the minimum pensionable age or length of service in order to qualify for a pension payable through the mandatory general insurance scheme;
- The probability of termination of service due to resignation or dismissal was determined at a rotation rate of 5.00% per year;
- A request rate of 3.00% per year was estimated and used.

The rate of requests for advance payment and turnover were based on the past experience of the company and of the actuary across a significant number of companies of the same kind.

### Economic and financial assumptions

- the annual discount rate used to calculate the current value of the obligation was inferred, consistently with par. 83 of IAS 19, on the basis of the Iboxx index for over-ten-year bonds of corporate issuers with an AA rating at the valuation date. The yield curve adopted expresses a duration comparable with that of the group of workers to whom the valuation applies;
- the annual rate of increase of the employee TFR indemnity as provided for by Article 2120 of the Italian Civil Code, is equal to 75% of inflation plus 1.5 percentage points;
- The annual increase in salaries was determined, using the method applicable exclusively to undertakings with fewer than 50 employees in 2006, based on data provided by company managers.

### Sensitivity analysis of the main valuation parameters using data as at 31 December 2022

Turnover rate + 1%	1,365,550.90
Turnover rate -1%	1,364,860.41
Inflation rate +0.25%	1,385,974.26
Inflation rate -0.25%	1,344,992.73
Discount rate +0.25%	1,333,853.53
Discount rate -0.25%	1,397,960.36
Pro Futuro annual service cost	62,588.69
Duration of plan	12,9
Expected disbursements in the 1st year	136,048.56
Expected disbursements in the 2nd year	111,427.51
Expected disbursements in the 3rd year	111,047.03
Expected disbursements in the 4th year	110,550.28
Expected disbursements in the 5th year	109,908.54

Section 10 – Provisions for risks and charges – Item 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

Item/Amount	2022	2021
1. Provisions for credit risk related to commitments and financial guarantees issued		
2. Provisions for other commitments and other guarantees issued		
3. Provision for pensions		
4. Other provisions for risks and charges		
4.1 legal and tax disputes		
4.2 personnel costs	272,769	74,054
4.3 other		
<b>Total</b>	<b>272,769</b>	<b>74,054</b>

The provision for risks and charges was established as a prudential provision for additional contribution charges.

10.2 PROVISIONS FOR RISKS AND CHARGES: ANNUAL CHANGES

	Provisions for other commitments and other guarantees given	Provisions for retirement payments and similar obligations	Other provisions for risks and charges	Total
<b>A. Opening Balance</b>			74,054	74,054
<b>B. Increases</b>			198,715	198,715
B.1 Provision for the year			198,715	198,715
B.2 Changes due to the passage of time				
B.3 Differences due to discount-rate changes				
B.4 Other changes				
<b>C. Reductions</b>				
C.1 Amounts used in the year				
C.2 Differences due to discount-rate changes				
C.3 Other changes				
<b>D. Closing balance</b>			272,769	272,769

## Section 12 – Equity - Items 110, 130, 140, 150, 160, 170 and 180

This section describes the breakdown of the Bank’s share capital and reserves.

### 12.1 “Share capital” and “Own shares”: breakdown

The share capital consists of 7,600 ordinary shares each with a nominal value of € 1,000.

#### 12.2 SHARE CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Item/Type	Ordinary	Other
<b>A. Issued shares as at the beginning of the year</b>	<b>7,600</b>	
- fully paid	7,600	
- not fully paid		
A.1 Own shares (-)		
<b>A.2 Shares outstanding: opening balance</b>	<b>7,600</b>	
<b>B. Increases</b>		
B.1 New issues		
- against payment:		
- business combinations		
- bonds converted		
- warrants exercised		
- other		
- free:		
- to employees		
- to directors		
- other		
B.2 Sales of own shares		
B.3 Other changes		
<b>C. Reductions</b>		
C.1 Cancellation		
C.2 Purchase of own shares		
C.3 Business transferred		
C.4 Other changes		
<b>D. Shares outstanding: closing balance</b>	<b>7,600</b>	
D.1 Treasury shares (+)		
D.2 Shares outstanding as at the end of the year	7,600	
- fully paid	7,600	
- not fully paid		

## 12.4 Reserves: other information

Description	2022	2021
Legal reserve	1,520,000	1,520,000
Statutory reserve	1,624,883	1,624,883
Other	27,157,558	27,143,335
Valuation reserves	(57,709)	(292,599)
<b>Total</b>	<b>30,244,732</b>	<b>29,995,619</b>

Pursuant to art. 2427(7-*bis*) of the Italian Civil Code:

the legal reserve of Euro 1,520,000 is available for use to cover losses. The statutory reserve, for Euro 1,624,883 is unavailable and will be used for socially useful purposes.

The other reserves item, for Euro 27,157,558, is available and distributable, and can be used for capital increases, to cover losses, and for distribution to shareholders.

No reserves have ever been used to cover losses.

Pursuant to art. 2427(22-*septies*) of the Italian Civil Code, the proposal for the allocation of profit is as follows:

<b>Net profit for the year</b>	<b>1,669,665</b>
To the legal reserve	
To the statutory social solidarity fund	58,436
<b>Distributable net profit</b>	<b>1,611,229</b>
Dividends of € 50 on 7,600 eligible shares	380,000
To the extraordinary reserve	1,231,229

## Other Information

### 2. OTHER COMMITMENTS AND GUARANTEES ISSUED

	Nominal value	
	2022	2021
<b>Other guarantees given</b>		
of which: impaired loans		
a) Central banks		
b) Public-sector entities	42,759	41,533
c) Banks		
d) Other financial undertakings		
e) Non-financial undertakings		
<b>f) Households</b>		
Other commitments		
of which: impaired loans		
a) Central banks		
b) Public-sector entities		
c) Banks		
d) Other financial undertakings		
e) Non-financial undertakings		
f) Households		

Item b) of Guarantees refers to the share (for € 42,759) of the commitment towards the Interbank Deposit Protection Fund for extraordinary contributions and is stated for information purposes only, since no events that would give rise to the conditions for repayment of extraordinary contributions are forecast

## 5. MANAGEMENT AND TRADING ON BEHALF OF THIRD PARTIES

Type of service	Amount
<b>1. Execution of orders on behalf of clients</b>	
a) Purchases	
1. regulated	269,998,252
2. not regulated	477,797
b) Sales	
1. regulated	244,794,422
2. not regulated	433,932
<b>2. Individual portfolio management</b>	<b>57,472,253</b>
<b>3. Custody and administration of securities</b>	
a) third-party securities held in deposit: in connection with deposit bank activities (excluding portfolio management)	
1. securities issued by the reporting bank	
2. other securities	
b) third-party securities held in deposit (excluding portfolio management): other	
1. securities issued by the reporting bank	
2. other securities	
c) third-party securities deposited with third parties	24,576,131
d) own securities deposited with third parties	6,798,435
<b>4. Other transactions</b>	<b>42,795,192</b>

\* Item 4 refers to the sum of purchases (Euro 33,656,624) and sales (Euro 9,172,679) relating to the "Collection and transmission of orders".

## Part C - Information on the profit and loss account

### Section 1 – Interest – Items 10 and 20

#### 1.1. INTEREST AND SIMILAR INCOME: BREAKDOWN

Item/Type	Debt securitis	Funding	Other transactions	2022	2021
<b>1. Financial assets measured at fair value through profit or loss:</b>					
1.1 Financial assets held for trading	322,125			322,125	147,692
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value					
<b>2. Financial assets measured at fair value through other comprehensive income</b>					
<b>3. Financial assets measured at amortized cost:</b>					
3.1 Due from banks		115,163		115,163	8,350
3.2 Due from customers					
<b>4. Hedging derivatives</b>					
<b>5. Other assets</b>					
<b>6. Financial liabilities</b>					
<b>Total</b>	<b>322,125</b>	<b>115,163</b>		<b>437,288</b>	<b>156,042</b>
of which: interest income on impaired financial assets					

#### 1.2 Interest and similar income: other information

##### 1.2.1 Interest income on financial assets denominated in foreign currencies

At 31 December 2022 interest income on amounts due from banks in foreign currencies amounted to Euro 13,583.

#### 1.3 INTEREST EXPENSE AND SIMILAR CHARGES: BREAKDOWN

Item/Type	Payables	Securities	Other transactions	2022	2021
<b>1. Financial liabilities measured at amortized cost</b>					
1.1 Due to central banks					
1.2. Due to banks	2,904			2,904	921
1.3. Due to clients					
1.4. Notes outstanding					
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and funds					
5. Hedging derivatives					
6. Financial assets*			81,446	81,446	202,152
<b>Total</b>	<b>2,904</b>		<b>81,446</b>	<b>84,350</b>	<b>203,073</b>

\* Interest expenses on loans to central banks and banks

## 1.4 Interest expense and similar charges: other information

### 1.4.1 Interest expense on liabilities in foreign currencies

At 31 December 2022 interest expense on amounts due to banks in foreign currencies amounted to Euro 2,904.

## Section 2 - Fees and commissions - Items 40 and 50

### 2.1 COMMISSION INCOME: BREAKDOWN

Service/Amount	2022	2021
a) Financial instruments		
1. Placement of securities		
1.1 With underwriting and/or on the basis of an irrevocable commitment		
1.2 Without an irrevocable commitment		
2. Receipt and transmission of orders and execution of orders on behalf of clients		
2.1 Receipt and transmission of orders for one or more financial instruments	31,815	13,811
2.2 Execution of orders on behalf of customers	315,332	185,240
3. Other commissions related to financial instruments		
of which: proprietary trading		
of which: individual portfolio management	329,006	347,586
b) Corporate Finance		
1. Advice on mergers and acquisitions		
2. Treasury services		
3. Other fees related to corporate finance services		
c) Investment advisory services		
d) Clearing and settlement		
e) Collective portfolio management		
f) Custody and administration		
1. Depository Bank		
2. Other fees related to custody and administration activities		
g) Central administrative services for collective portfolio management		
(h) Fiduciary activities		
(i) Payment services		
1. Current accounts		
2. Credit Cards		
3. Debit and other payment cards		
4. Bank transfers and other payment orders		
5. Other fees related to payment services		
l) Distribution of third-party services		
1. Collective portfolio management		
2. Insurance products		
3. Other products		
of which: individual portfolio management		
k) structured finance		
l) Servicing activities for securitization transactions		

m) Commitments to disburse funds		
n) Financial guarantees given		
of which: credit derivatives		
o) Financing transactions		
of which: for factoring transactions		
p) Currency trading		
q) Goods		
(r) Other commission income		
of which: for management activities of multilateral trading systems		
of which: for management activities of organized trading systems		
<b>Total</b>	<b>676,153</b>	<b>546,637</b>

## 2.2 COMMISSION INCOME: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

Channel/Amount	2022	2021
<b>a) through own branches:</b>		
1. portfolio management	329,006	347,586
2. placement of securities		
3. third-party products and services		
<b>b) off-site:</b>		
1. portfolio management		
2. placement of securities		
3. third-party products and services		
<b>c) other distribution channels:</b>		
1. portfolio management		
2. placement of securities		
3. third-party products and services		

## 2.3 COMMISSION EXPENSE: BREAKDOWN

Service/Amount	2022	2021
<b>a) Financial instruments</b>		
of which: trading in financial instruments	189,700	139,239
of which: placement of financial instruments		
of which: individual portfolio management		
- Own		
- Delegated to third parties		
<b>b) Clearing and settlement</b>	255,526	191,875
<b>c) Collective portfolio management</b>		
1. - Stock		
2. - Delegated to third parties		
<b>d) Custody and administration</b>	4,387	4,981
<b>e) collection and payment services</b>		
of which: credit cards, debit cards and other payment cards		
<b>(f) Servicing activities for securitization transactions</b>		
<b>g) Commitments to receive funds</b>		

h) Financial guarantees received		
of which: credit derivatives		
i) off-site distribution of financial instruments, products and services		
j) Currency trading		
K) Other commissions payable		
<b>Total</b>	<b>449,613</b>	<b>336,096</b>

Trading commissions refer exclusively to markets on which the Bank operates through brokers.

## Section 4 - Net income from trading - Item 80

### 4.1. NET INCOME FROM TRADING: BREAKDOWN

Transaction/Income item	Gains (A)	Profits from trading (B)	Losses (C)	Losses from trading (D)	Net income [(A+B) - (C+D)]
<b>1. Financial assets held for trading</b>	<b>41,154</b>	<b>12,279,743</b>	<b>91,608</b>	<b>5,189,701</b>	<b>7,039,588</b>
1.1. Debt securities	41,154	12,279,743	91,608	5,189,701	7,039,588
1.2 Equity instruments					
1.3 Shares of UCIs					
1.4 Loans					
1.5 Other					
<b>2. Financial liabilities held for trading</b>					
2.1. Debt securities					
2.2 Liabilities					
2.3 Other					
<b>3. Financial assets and liabilities: exchange differences</b>		<b>62,991</b>			<b>62,991</b>
<b>4. Derivatives</b>		<b>2,111,499</b>		<b>3,028,366</b>	<b>(916,867)</b>
4.1 Financial derivatives:					
- On debt securities and interest rates		2,111,499		3,028,366	(916,867)
- On equity securities and share indices					
- On currency and gold					
- Other					
4.2 Credit derivatives					
<b>Total</b>	<b>41,154</b>	<b>14,391,242</b>	<b>91,608</b>	<b>8,218,067</b>	<b>6,185,712</b>

In 2022 the Bank continued to carry out market making (and arbitrage) activities, mainly on the and fixed-income markets operated by Borsa Italiana. The securities traded were bonds issued by governments, supranational organizations and corporate entities.

## Section 10 – Administrative expenses – Item 160

### 10.1. PERSONNEL EXPENSES: BREAKDOWN

Expense/Amount	2022	2021
1) Employees		
a) salaries and wages	1,468,617	1,095,009
b) social security contributions	364,811	221,662
c) severance indemnity		
d) national insurance contributions		
e) allocations to provisions for severance indemnity	141,458	86,310
f) provision for retirement payments and similar provisions:		
- defined contribution		
- defined benefit		
g) payments to external pension funds:		
- defined contribution		
- defined benefit		
h) costs related to share-based payments		
i) other employee benefits	53,664	39,747
2) Other staff		
3) Directors and statutory auditors	328,529	327,849
4) Retired employees		
5) Recoveries for employees seconded to other companies		
6) Refunds of costs for third-party employees seconded to the company		
<b>Total</b>	<b>2,357,079</b>	<b>1,770,577</b>

Sub-item (a) increased due to the lower incidence of the variable component of salaries.

Sub-item e) allocations to provisions for severance indemnity – employees, consists of the following:

Service Cost                      Euro 125,929

Interest Cost                      Euro 15,529

Item 3) Directors and statutory auditors refers to payments to Directors and Statutory Auditors inclusive of national insurance contributions paid by the company.

### 10.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

Employees:	
a) directors	
b) middle management	9
c) other employees	14
Other personnel	

### 10.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

Detail	2022	2021
ICT expenses	588,457	584,850
Trading activities	78,573	68,798
Advisory and professional services	110,104	108,918
Auditing fees	28,029	29,218
Fees for licenses and outsourced IT services	451,277	485,009
Compulsory contributions and market membership fees	173,859	174,417
Telephone and electricity	96,759	80,628
Virtual stamp duty	195,179	222,730
Contributions to resolution funds	1,139	1,454
Sundries	81,657	81,269
<b>Total</b>	<b>1,805,033</b>	<b>1,837,290</b>

Expenses for trading activities include fees for trading in markets of which the Bank is a direct member.

### Section 10 - Net provisions to reserves for risks and charges - Item 160

#### 10.1 NET PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

The provision for risks and charges was established as a prudential provision for additional contribution charges.

### Section 12 - Net value adjustments in respect of tangible assets - Item 180

#### 12.1. NET VALUE ADJUSTMENTS IN RESPECT OF TANGIBLE ASSETS: BREAKDOWN

Asset/Income item	Depreciation (a)	Value adjustments due to losses (b)	Write-ups (c)	Net income (a + b - c)
A. Tangible assets				
1. used in the business				
- owned	(148,922)			(148,922)
- rights of use acquired under leases				
2. Held for investment purposes				
- owned				
- rights of use acquired under leases				
3. Inventories				
<b>Total</b>	<b>(148,922)</b>			<b>(148,922)</b>

## Section 13 - Net value adjustments/write-ups in respect of intangible fixed assets - Item 190

### 13.1 NET VALUE ADJUSTMENTS IN RESPECT OF INTANGIBLE FIXED ASSETS: BREAKDOWN

Asset/Income item	Depreciation (a)	Impairment losses (b)	Write- ups (c)	Net income (a + b - c)
<b>A. Intangible fixed assets</b>				
of which: software				
A.1 Owned				
- Internally generated				
- Other	(20,111)			(20,111)
A.2 Leased				
<b>Total</b>	<b>(20,111)</b>			<b>(20,111)</b>

## Section 14 – Other operating expense/income – Item 200

### 14.1 Other operating expense: breakdown

Other operating expense amounted to Euro 135,830 in 2022. Operating expense mainly referred to donations made during the year for Euro 108,531.

### 14.2 Other operating income: breakdown

Other operating income amounted to Euro 196,325 in 2022.

The main component was the stamp duty refund for a total of Euro 195,179.

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

### 19.1 INCOME TAX ON CURRENT OPERATIONS FOR THE YEAR: BREAKDOWN

Income item/Amount	2022	2021
1. Current income tax (-)	(700,245)	(27,850)
2. Changes relating to prior years (+/-)		
3. Reduction in current taxes for the year (+)		
3(b) Decrease in current income tax for the year due to tax credits pursuant to Law No. 214/2011 (+)	19,709	2,768
4. Changes in prepaid taxes (+/-)	54,376	
5. Changes in deferred taxes (+/-)		
<b>6. Tax for the year (-) (-1+/-2+3+3(b)+/-4+/-5)</b>	<b>(626,160)</b>	<b>(25,082)</b>

The tax rates used to calculate deferred and current taxes are those specified by current tax legislation.

### 19.2 RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX LIABILITY

Income tax (IRES)	2022
Pre-tax profit (loss)	2,295,825
IRES at theoretical rate of 24.00%	550,998
Additional IRES at theoretical rate of 3.50%	80,354
Tax on increases	101,526
Tax on reductions	(198,595)
IRES at current actual rate of 23,27%	534,283

IRAP	2022
Pre-tax profit (loss)	2,295,825
IRAP at theoretical rate of 5.57%	127,877
Tax on non-taxable income	(10,935)
Tax on non-deductible expenses	49,020
IRAP at current actual rate of 7.23%	165,962

## Section 21 - Earnings per share

Earnings per share, calculated as the ratio between total profit (loss) for the year and the number of ordinary shares, amounted to €220.

Part D - Comprehensive income

STATEMENT OF COMPREHENSIVE INCOME

Item	2022	2021
<b>10 Profit (Loss) for the year</b>	<b>1,669,665</b>	<b>128,223</b>
<b>Other income components not reclassified through profit or loss</b>		
20 Equity instruments designated at fair value through other comprehensive income:		
a) Changes in fair value		
b) Transfers to other equity		
30 Financial liabilities designated at fair value through profit or loss (changes to credit standing):		
a) Changes in fair value		
b) Transfers to other equity		
40. Equity instrument hedges designated at fair value through other comprehensive income:		
a) Changes in fair value (hedged instrument)		
b) Changes in fair value (hedging instrument)		
50. Tangible assets		
60. Intangible fixed assets		
70. Defined benefit plans	234,890	(26,715)
80. Non-current assets and disposal groups		
90. Portion of valuation reserves of equity investments valued through equity		
100. Income tax on other comprehensive income not reclassified through profit or loss		
<b>Other income components reclassified through profit or loss</b>		
110. Hedges of foreign investments:		
a) changes in fair value		
b) reclassification through profit or loss		
c) other changes		
120. Exchange differences:		
a) changes in fair value		
b) reclassification through profit or loss		
c) other changes		
130. Cash flow hedges:		
a) changes in fair value		
b) reclassification through profit or loss		
c) other changes		
of which: result of net positions		
140. Hedging instruments: (undesignated items)		
a) changes in fair value		
b) reclassification through profit or loss		
c) other changes		
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income:		
a) changes in fair value		
b) reclassification through profit or loss		

	- adjustments for credit risk		
	- gains/losses from disposal		
	c) other changes		
160.	Non-current assets and disposal groups		
	a) changes in fair value		
	b) reclassification through profit or loss		
	c) other changes		
170.	Portion of valuation reserves of equity investments valued through equity:		
	a) changes in fair value		
	b) reclassification through profit or loss		
	- impairment losses		
	- gains/losses from disposal		
	c) other changes		
180.	Income tax on other comprehensive income reclassified through profit or loss		
<b>190.</b>	<b>Total other income components</b>	<b>234,890</b>	<b>(26,715)</b>
<b>200.</b>	<b>Total comprehensive income (Item 10+190)</b>	<b>1,904,555</b>	<b>101,508</b>

## Part E – Risks and related risk management policies

### Introduction

The Board of Directors is responsible for defining the Bank's risk appetite establishing the qualitative and quantitative limits for acceptable levels of risk, in line with the strategic business plan.

Specifically, the risks inherent in the specific activities of Banca Simetica are:

- market risk;
- pre-settlement and settlement risk;
- liquidity risk;
- concentration risk;
- operational risk;
- IT risk;
- legal risk;
- reputational risk;
- risk of money laundering and financing terrorism;
- conduct risk;
- strategic risk.

The Bank is not exposed to credit and counterparty risks (with the exception of the management of excess liquidity) and maturity transformation and interest rate risks (with the exception of the different magnitude with which a change in interest rates can impact the assets and liabilities forming part of the banking book) and excessive leverage.

The entire risk taxonomy of the Bank, in addition, takes into account possible drivers arising from ESG (environmental, social and governance) factors.

The Bank pursues a prudent business approach aimed at maintaining risk exposure within acceptable parameters, in line with a number of guiding principles which are at the heart of its risk management policies, namely:

- working to achieve net returns of between 3 and - 5%, maintaining a business mix with a low risk profile;
- adopting a prudent approach towards new activities and a logic of "knowledge-based business", which has always characterized its method of operation;
- fostering a culture of risk and the involvement of everyone at the company in matters concerning risks;
- a remuneration policy that does not encourage the taking of excessive risks;
- independence and authority of the functions responsible for the system of internal controls;
- efficiency, integrity and stability of information systems;
- maintaining an extremely prudent approach as far as liquidity risk is concerned;
- maintaining a conservative approach towards operational risk management;
- Maintaining an approach geared towards minimizing legal risk (including money laundering and financing of terrorism and conduct sub-risks).

The body responsible for strategic supervision also has the task of defining and approving the general guidelines of the ICAAP, ensuring its consistency with the Risk Appetite Framework (RAF) and for making sure that it is immediately revised to reflect any significant changes to strategies, the organizational structure or business context.

The Managing Director is at the heart of the Bank's risk management system and can take decisions on the latter in accordance with strategic and policy guidelines decided by the Board of Directors (BoD) within the overall scope established by the qualitative and quantitative limits set out in the Risk Appetite Framework.

The CEO implements the ICAAP and verifies its compliance with the strategic guidelines and RAF.

Risks are monitored and managed in accordance with the Risk Mapping Manual and Risk Control Manual.

The Risk Mapping Manual contains the map of the risks associated with each of the Bank's processes, with an assessment of the "gross risk", in terms of probability and severity, and "net risk", based on the standard of existing controls. It also contains a summary of the measurement techniques for the different types of regulatory and supervisory risks.

The Risk control procedure manual defines the operational limits approved by the Board and the respective control mechanisms, procedures for assessing compliance with the applicable regulatory provisions and procedures for reporting to Senior Management and the Bank's governing bodies.

The risk management and control system is structured on three levels:

- Level one controls, performed by the heads of each corporate function to which each specific risk indicator applies.
- Level two controls, performed by the Risk Management function (which oversees the operation of the risk management system and verifies compliance therewith) and by Compliance (which verifies compliance with the applicable laws) and Anti-Money Laundering;
- Level three controls, performed by the Internal Audit function, which evaluates the adequacy and efficacy of the control systems, processes, procedures and mechanisms.

The system of operating limits is structured on three levels of importance for each area of activity, to which correspond different flows of information between the control levels.

Level I limits represent an initial critical threshold for the various kinds of risk; these mainly involve the implementation of level one and level two controls.

Level II limits, if exceeded, could potentially give rise to a higher risk of loss; any cases in which such limits are exceeded are immediately reported to the CEO. Level III limits are the maximum limits defined by the Board as acceptable and represent another threshold that, if exceeded, must be the subject of a specific and detailed report to the body responsible for strategic supervision.

The system of internal controls of Banca Simeica comprises the following control functions:

- Risk Management;
- Compliance;
- Anti-Money Laundering;
- Internal Audit.

The Risk Management function defines, manages and monitors the risks to which the Bank is exposed, in order to determine and control the risk level that can be tolerated.

The Compliance function, is outsourced is responsible for the ongoing identification of the applicable regulations and appropriate risk prevention procedures. It also verifies the efficacy of planned organizational changes in order to prevent the risk of non-compliance.

Its tasks are graduated according to the presence of specialist areas concerning specific regulations (e.g. tax laws, occupational health and safety, data protection, etc.).

This function follows a risk-based approach, focusing on areas that are potential sources of greater risk for the Bank, either for regulatory reasons (new laws, amendments, complexity) or business reasons.

For the rules most relevant to the risk of non-compliance, this function is directly responsible for managing the risk of non-conformity.

The main tasks of the Anti-Money Laundering function, which is also outsourced, are to:

- identify the applicable laws and evaluate their impact on internal processes and procedures;
- collaborate to define the procedures and system of internal controls;
- verify the suitability of the procedures and system of internal controls;
- verify the reliability of the information system that sends data to the company's integrated computer database;
- transmit aggregate data about records in the integrated computer database to the Financial Information Unit of Banca d'Italia, on a monthly basis;
- prepare an adequate and continuous training programme for employees and co-workers;
- define the information flows to company bodies and senior management;
- provide advisory services and assistance to company bodies and senior management.

The Compliance and Anti-Money Laundering functions, managed by the same organization, summarize their findings in reports to the Board, copies of which are also sent to the Statutory Auditors.

The Internal Audit function performs third level controls. These include inspections to verify the correctness of operational procedures and trends in risks and assessments to verify the completeness, adequacy, functionality and reliability of the organizational structure and other components of the system of internal controls. It informs the company bodies of any needs for improvement, with particular reference to the RAF, the risk management process and the methods used for measuring and controlling these.

It draws up reports for the company bodies in which it illustrates its findings and makes recommendations.

The managers of each function within the System of Internal Controls each prepare an annual report on their specific activities. These reports are sent to the company bodies and then also to the banking and trading market authorities.

The various control functions interact with one another by sending and receiving information.

The types of risks to which Banca Simefica is exposed, their main features and the techniques used to mitigate and hedge these are outlined below.

Market risk is defined as the risk of loss arising from changes in market prices of financial instruments traded by the Proprietary Trading department, which uses arbitrage and market making strategies.

Pre-settlement and settlement risks are related to the cost of replacing transactions undertaken with defaulting counterparties.

Liquidity risk regards the possibility of areas of business using more liquid funds than the Bank has at its disposal, resulting in a shortage of liquidity.

Concentration risk is the risk posed to the Bank by its excessive exposure to a single issuer, counterparty, customer or even specific sector.

Banca Simefica's exposure to credit and counterparty risks, which typically refer to Pillar I capital requirements for commercial banking entities, only regards cash deposits with bank counterparties held for the purposes of its core business. In fact, the Risk Appetite Framework states that, in line with the 2020-2022 strategic plan, the Bank does not intend to take on credit and counterparty risks (with the exception of the management of excess liquidity) and maturity transformation and interest rate risks (with the exception of the different magnitude with which a change in interest

rates can impact the assets and liabilities forming part of the banking book).

Operational risks arise as a result of failed internal processes, human error, inadequate operating systems, or external events, including legal risk. Within the above, specific attention is placed on IT risk, which is carefully estimated and dealt with within the Bank, also in view of the algo trading activity that represents its core business.

Reputational risk is associated with the way third parties perceive the Bank.

It is related to the other types of risk, especially operational, legal and strategic risks. Professional competence, credibility, reputation, transparency, correctness and compliance with generally recognized moral and ethical principles by company representatives and employees alike are all factors that affect this type of risk.

Strategic risk regards the risk of a decrease in returns on equity associated with changes in medium and long-term business activities.

## Section 1 – Credit risk

### • Qualitative disclosure

#### 1. General

Banca Simetica is not currently engaged in lending activities and for this reason it is only marginally exposed to the credit risk typical of banks, in connection with short-term deposits of excess liquid funds held in accounts at banks which have relations with the company.

#### 2. Credit risk management

##### 2.1 Organizational aspects

As Banca Simetica does not engage in lending activities in the strictest meaning of the term, it does not have an organizational unit responsible for managing this type of risk either individually or at the portfolio level. The only exception regards the credit risk linked to short-term deposits of excess liquid funds held in bank accounts, for which maximum exposure limits have been established for each counterparty. Exposure to this risk is monitored by the Risk Management department.

As the amounts concerned are payable on demand and thus have a maturity of less than seven days, they are excluded from the application of the so-called bail-in provisions introduced by Italian Legislative Decree No. 180 of 16 November 2015. Pursuant to art. 49(1)(e) of

e) that same decree:

"Bail-in applies to all liabilities", with the exception of the following:

- a-d) (omitted)
- e) liabilities with an original maturity of less than seven days owed to banks and SIM investment firms that are not part of the same group as the institution under resolution.

##### 2.2 Management, measurement and control systems

The results of the second-level controls are set out in reports that are submitted to the Managing Director and the Internal Audit department. If the riskiest limits and/or maximum losses as set out in the risk Appetite Framework are exceeded, the reports are also submitted to the Board of Directors.

• Quantitative disclosure

A. Credit quality

A.1 Impaired and performing loans: amounts, value adjustments, changes, breakdown by business activity

**A.1.1 BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY  
(BOOK VALUE)**

Portfolio/quality	Bad loans	Probable default	Impaired past-due exposures	Not impaired past-due exposures	Other not impaired exposures	Total
1. Financial assets measured at amortized cost					7,852,362	7,852,362
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						
5. Discontinued financial assets						
<b>Total 2022</b>					<b>7,852,362</b>	<b>7,852,362</b>
<b>Total 2021</b>					<b>8,280,369</b>	<b>8,280,369</b>

**A.1.2 BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY  
(GROSS AND NET AMOUNTS)**

Portfolio/quality	Impaired				Not impaired			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs (*)	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortized cost					7,852,362		7,852,362	<b>7,852,362</b>
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								
5. Discontinued financial assets								
<b>Total 2022</b>					<b>7,852,362</b>		<b>7,852,362</b>	<b>7,852,362</b>
<b>Total 2021</b>					<b>8,280,369</b>		<b>8,280,369</b>	<b>8,280,369</b>

\* Amount shown for information purposes

Portfolio/quality	Assets with poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading			13,983,841
2. Hedging derivatives			
<b>Total 2022</b>			<b>13,983,841</b>
<b>Total 2021</b>			<b>11,239,910</b>

**A.1.6 BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURE TO BANKS:  
GROSS AND NET AMOUNTS**

Exposure type/amount	Gross exposure		Total value adjustments and total provisions	Net exposure	Total partial write-offs (*)
	Impaired	Not impaired			
<b>A. Balance sheet credit exposures</b>					
a) Bad loans					
of which: exposures subject to concessions					
b) Probable default					
of which: exposures subject to concessions					
c) Impaired past-due exposures					
of which: exposures subject to concessions					
d) Not impaired past due exposures					
of which: exposures subject to concessions					
e) Other not impaired exposures		51,531,841		51,531,841	
of which: exposures subject to concessions					
<b>Total (A)</b>		<b>51,531,841</b>		<b>51,531,841</b>	
<b>B. Off-balance sheet credit exposures</b>					
a) Impaired					
b) Not impaired					
<b>Total (B)</b>					
<b>Total (A+B)</b>		<b>51,531,841</b>		<b>51,531,841</b>	

\* Amount shown for information purposes

## A.2 Classification of financial assets, commitments to disburse funds and financial guarantees issued based on external and internal ratings

### A.2.1 BREAKDOWN OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: BY EXTERNAL RATING CLASS (GROSS AMOUNTS)

Exposures	External rating classes						No rating	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	Lower than B-		
<b>A. Financial assets measured at amortized cost</b>							7,852,362	<b>7,852,362</b>
- Stage 1							7,852,362	<b>7,852,362</b>
- Stage 2								
- Stage 3								
<b>B. Financial assets measured at fair value through other comprehensive income</b>								
- Stage 1								
- Stage 2								
- Stage 3								
<b>Total (A+B)</b>							<b>7,852,362</b>	<b>7,852,362</b>
of which: purchased or originated credit-impaired financial assets								
<b>C. Commitments to disburse funds and financial guarantees given</b>								
- Stage 1								
- Stage 2								
- Stage 3								
<b>Total C</b>								
<b>Total (A+B+C)</b>							<b>7,852,362</b>	<b>7,852,362</b>

Ratings table

Standard & Poor's/ Fitch	Moody's	DBRS
AAA	Aaa	AAA
AA+	Aa1	AA HIGH
AA	Aa2	AA
AA-	Aa3	AA LOW
A+	A1	A HIGH
A	A2	A
A-	A3	A LOW
BBB+	Baa1	BBB HIGH
BBB	Baa2	BBB
BBB-	Baa3	BBB LOW
BB+	Ba1	BB HIGH
BB	Ba2	BB
BB-	Ba3	BB LOW
B+	B1	B HIGH
B	B2	B
B-	B3	B LOW

Standard & Poor's/ Fitch	Moody's	DBRS
CCC+	Caa	CCC HIGH
CCC	Ca	CCC
CCC-	C	CCC LOW
	/	
D	/	D
	/	

Ratings by Standard & Poor's, Moody's, Fitch and DBRS.

**B. Distribution and concentration of credit exposure**

**B.3 BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURE TO BANKS BY GEOGRAPHICAL REGION**

Exposure/ Geographical region	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Value adjustments
<b>A. Balance sheet credit exposures</b>										
A.1 Non-performing loans										
A.2 Probable default										
A.3 Impaired past- due exposures										
A.4 Not impaired exposures	51,531,841									
<b>Total (A)</b>	<b>51,531,841</b>									
<b>B. Off-balance sheet credit exposures</b>										
B.1 Impaired exposures										
B.2 Not impaired exposures										
<b>Total (B)</b>										
<b>Total (A+B) 2022</b>	<b>51,531,841</b>									
<b>Total (A+B) 2021</b>	<b>47,749,318</b>									

**B.4 MAJOR RISKS**

As at 31 December 2022, the bank held 2 exposures amounting to more than 10% of its own funds with Intesa Sanpaolo (for Euro 11,413,068) and BFF (for Euro 4,736,671).

These positions, consisting entirely of demand deposits, do not constitute a significant risk in accordance with art. 390(6)(c) of the CRR (Regulation (EU) 575/2013).

## Section 2 - Market risk

### 2.1 Interest rate risk and price risk - regulatory trading portfolio

#### • Qualitative disclosure

##### A. General

The interest rate risk is mainly associated with trading of debt securities and derivative instruments; price risk originates from trading of all securities in general.

Bond desk operators in the Proprietary Trading department use arbitrage and market making strategies to trade standardized financial instruments.

This helps to reduce interest rate and price risks to a minimum.

More specifically, traders perform arbitrage operations on the basis of the specific “Management of own securities portfolio for arbitrage and proprietary trading” procedure, which requires them to:

- provide hedging within the shortest possible time;
- manage the arbitrage portfolio so as to minimize the risks described in the “Risk Mapping Manual”;
- comply with the operating limits established by the Board of Directors and contained in the “Risk management procedure manual”.

##### B. Interest rate risk and price risk management processes and measurement methods

The position and the main interest rate and price risk factors associated with the management of own securities portfolios for the purpose of trading, regardless of the type of instrument traded are monitored in real-time using an application software developed internally and made available for use by traders, the Proprietary Trading Manager, Risk Management and the CEO. The Risk control manual, approved by the Board of Directors, outlines the limits approved by the latter according to the type of arbitrage transaction and the controls to verify compliance with the limits, which are structured on three levels:

- level 1: Proprietary Trading;
- level two: Risk Management;
- level three: Internal Audit.

The Proprietary Trading Manager is responsible in the first instance for verifying compliance with the limits established by the Board of Directors and Managing Director.

If a limit is exceeded, the operator must bring the positions back to within the aforesaid limits. In any case, and with no exceptions whatsoever,

the limit must be restored by the end of the day on which it was exceeded.

A maximum loss has also been defined. Positions must be closed upon reaching this limit. The Managing

Director may authorize operating limits to be exceeded temporarily and define the corrective actions to be taken.

Second level control is performed by Risk Management, through continuous real-time monitoring and using an internally developed application software to verify compliance with the limits. This control is performed daily on the basis of specific requirements associated with the Bank's activities.

The results of these controls are set out in reports and submitted to the Managing Director, the Internal Audit department and, if the riskiest limits and/or maximum losses are exceeded, to the Board of Directors.

• Quantitative disclosure

1. REGULATORY TRADING PORTFOLIO: BREAKDOWN BY RESIDUAL TERM  
(REPRICING DATE) OF BALANCE SHEET FINANCIAL ASSETS AND  
LIABILITIES AND FINANCIAL DERIVATIVES

Type/Residual term	on demand	up to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 5 years	from 5 to 10 years	over 10 years	unspecified
<b>1. Balance sheet assets</b>								
1.1. Debt securities		1,117,940	2,628,462	3,559,273	602,442	5,845,475	230,250	
- with prepayment option								
- other								
1.2 Other assets								
<b>2. Balance sheet liabilities</b>								
2.1 Reverse repos								
2.2. Other liabilities	1,224			25,461	484,285	4,630,277	2,046,757	
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								

## 2.2 Interest rate and price risk - bank portfolio

### • Qualitative disclosure

**A. General aspects, operational processes and methods for measuring interest rate risk and price risk** Banca Simetica does not grant loans in the strictest meaning of the term and does not undertake any other activities that involve investments in medium or long-term assets; it is therefore only very marginally exposed to interest rate risk in that the on-demand liabilities in the form of client deposits are invested in liquid and short-term instruments on regulated markets or deposited with the European System of Central Banks and credit institutions with which the Bank has established solid and long-term relationships.

Therefore, the Bank does not make use of instruments to measure the interest rate risk in the banking book. It manages this risk by reducing (and in actual fact eliminating) any possible maturity gaps between assets and liabilities by investing liquid funds in assets that can easily be liquidated and any surplus amounts in liquid financial instruments of solid issuers with a life of less than 24 months.

At the regulatory level, the Risk Management function performs stress tests on a quarterly basis with the goal of arriving at a conservative estimate of possible shocks resulting from the varying magnitude with which different changes in interest rates may impact assets and liabilities.

As the Bank does not grant loans and has no equity interests or securities outside the trading portfolio, the bank portfolio is not exposed to price risk due to possible write downs of items in that portfolio.

### • Quantitative disclosure

Type/Residual term	on demand	up to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 5 years	from 5 to 10 years	over 10 years	Unspecified
<b>1. Balance sheet assets</b>								
1.1. Debt securities								
- with prepayment option								
- other								
1.2 Loans to banks	43,679,479							7,852,362
1.3 Loans to clients								
- current accounts								
- Other loans								
- with prepayment option								
- other								
<b>2. Balance sheet liabilities</b>								
2.1. Due to clients								
- current accounts	24,287,034							
- other amounts due								
- with prepayment option								

- Other							
2.2. Due to banks							
- current accounts							
- Other amounts due							
2.3. Debt securities							
- with prepayment option							
- Other							
2.4. Other liabilities							
- with prepayment option							
- Other							
<b>3. Financial derivatives</b>							
3.1 With underlying security							
- Options							
+ long positions							
+ short positions							
- Other derivatives							
+ long positions							
+ short positions							
3.2 Without underlying security							
- Options							
+ long positions							
+ short positions							
- Other derivatives							
+ long positions							
+ short positions							
<b>4. Other off-balance sheet operations</b>							
+ long positions							
+ short positions							

## 2.3 Currency risk

### • Qualitative disclosure

#### A. General aspects, operational processes and methods for measuring currency risk

Banca Simetica undertakes transactions in foreign currencies in connection with trading of bonds denominated in currencies other than the euro.

Risk Management performs level two controls on a daily basis to verify compliance with the maximum limits for holding assets in foreign currencies other than the euro as defined in the Risk management procedure manual.

#### B. Currency risk hedging activities

The bank does not hedge its currency risk exposure but controls this by maintaining the levels of risk within the established limits.

### • Quantitative disclosure

#### 1. BREAKDOWN OF ASSETS, LIABILITIES AND DERIVATIVES BY CURRENCY OF DENOMINATION

Item	Currency					
	US dollars	GBP	JPY	CAD	CHF	Other
<b>A. Financial assets</b>						
A.1 Debt securities	88,080	6,786				55,709
A.2 Equity securities						
A.3 Due from banks	1,155,092	50,364		47,103		342,801
A.4 Loans to clients						
A.5 Other financial assets						
<b>B. Other assets</b>						
<b>C. Financial liabilities</b>						
C.1 Due to banks						
C.2 Due to clients						
C.3 Debt securities	31,757			1,303		189,058
C.4 Other financial liabilities						
<b>D. Other liabilities</b>						
<b>E. Financial derivatives</b>						
- Options						
+ long positions						
+ short positions						
- Other derivatives						
+ long positions						
+ short positions						
<b>Total Assets</b>	<b>1,243,173</b>	<b>57,151</b>		<b>47,103</b>		<b>398,510</b>
<b>Total liabilities</b>	<b>31,757</b>			<b>1,303</b>		<b>189,058</b>
<b>Imbalance (+/-)</b>	<b>1,211,416</b>	<b>57,151</b>		<b>45,800</b>		<b>209,452</b>

Section 3 - Derivatives and hedging policies

3.1 Trading derivatives

A. Financial derivatives

A.1 FINANCIAL TRADING DERIVATIVES: YEAR-END NOTIONAL AMOUNTS

Underlying asset/Type of derivative	2022				2021			
	Over-the-counter			Organized markets	Over-the-counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
<b>1. Debt securities and interest rates</b>								
a) Options								
b) Swaps								
c) Forwards								
d) Futures							(2,800,000)	
e) Other								
<b>2. Equity instruments and share indices</b>								
a) Options								
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
<b>3. Currencies and gold</b>								
a) Options								
b) Swaps								
c) Forwards								
d) Futures							625,000	
e) Other								
<b>4. Commodities</b>								
<b>5. Other</b>								
<b>Total</b>				<b>(775,000)</b>			<b>(2,175,000)</b>	

## Section 4 – Liquidity risk

### • Qualitative disclosure

#### **A. General aspects, operational processes and methods for measuring liquidity risk**

Banca Simetica recognizes the importance of the liquidity risk, which is carefully monitored in accordance with the procedures governing "Management of own securities portfolios for arbitrage and own trading activities" and "Control of liquid assets"; the latter involves all areas of the company, especially Proprietary Trading and Risk Management.

The Proprietary Trading department works in close contact with all other company sectors. Its key objective is to cover all requirements for liquid funds and manage all liquid funds in excess, especially in the short and very short-term.

Liquid funds absorbed by the Operations Room are monitored in real-time with a view to eliminating deficits or liquid funds in excess in the very short term, maintaining these within physiological levels.

The system generates regular estimates for absorption of liquid funds for currency t+1.

There is a maximum surplus/deficit limit for very short-term liquidity (for currencies). This is monitored on a daily basis by Risk Management.

The bank has adopted additional liquidity risk management instruments involving the use of a maturity ladder and maximum limits between inflows and outflows for the various maturity dates up to 90 days. Maximum structural liquidity limits have also been introduced.

Risk Management is also responsible for identifying and, if necessary, dealing with any liquidity risk in connection with current accounts, third-party trading and portfolio management. This is also done on a daily basis.

In addition, the Bank conducts monthly scenario analyses of this risk in order to measure the potential impact of unexpected withdrawals of customer deposits.

NOTES TO THE FINANCIAL STATEMENTS

1. BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY

Item/Maturity	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Unspecified
<b>A. Balance sheet assets</b>										
A.1 Government securities			2,071		1,068,980	2,614,847	3,552,380	385,475	6,048,265	
A.2 Other debt securities			2,026	23,409	21,453	13,615	6,892	216,966	27,460	
A.3 Share of UCIs										
A.4 Loans										
- banks	43,679,479									7,852,362
- clients										
<b>B. Balance sheet liabilities</b>										
B.1 Deposits and current accounts										
- banks										
- clients	24,287,034									
B.2 Debt securities	1,224						25,461	484,285	6,677,034	
B.3 Other liabilities										
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of principal										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of principal										
- long positions										
- short positions										
C.3 Deposits and borrowings to the received										

• Quantitative disclosure

- long positions										
- short positions										
C.4 Commitments to disburse funds										
- long positions										
- short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of principal										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

\* See table "1. Financial commitments and guarantees issued and financial commitments and guarantees issued other than those designated at fair value" in the "Other information" section on page 69.

## Section 5 – Operational risk

### • Qualitative disclosure

#### A. General aspects, operational processes and methods for measuring operational risk

Operational risk is defined in Regulation (EU) 575/2013 (CRR) as "the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risk".

In order to limit this type of risk as far as possible, Banca Simefica has developed the appropriate procedures aimed at identifying, monitoring, limiting and evaluating the operational risk.

The Risk mapping manual contains an analysis of the various causes of loss associated with operational risk.

For each cause it specifies the measures and procedures adopted by Banca Simefica to reduce the possibility of such losses arising to a minimum.

By way of example, some causes of operational risk regard failed procedures, inadequacy of personnel, operating system malfunctions, possible external events which might result in losses for the company as well as risks associated with failure to comply with the law, clauses of contracts agreed upon with clients and obligations concerning supervision and disclosure of information to the authorities.

The mapping of the Bank's operational business processes, carried out for the first time during 2012 with the aim of highlighting any deficiencies in processes and/or control systems that could configure the emergence of operational risks and subject to improvements over the years, was entirely revised during 2021 and it is annually updated.

Banca Simefica's code of procedure, which is constantly reviewed in order to regulate the various management-related aspects in the best possible way, includes several rules concerning operational risk and compliance with legal and regulatory requirements (for instance, the Consolidated Finance Act, Consolidated Banking Law, regulations issued by Banca d'Italia and CONSOB, regulations governing the markets and clearing systems with which Banca Simefica operates, and regulations governing conflicts of interest, market abuse, personal transactions by anyone having access to privileged information, anti-money laundering laws, health and safety at work and data protection laws).

The Board of Directors has also approved an Organizational, Management and Control Model, in accordance with Italian Legislative Decree No. 231/2001, a Code of Conduct (prepared in accordance with the Model Self-Regulatory Rules issued by the Italian Banking Association - ABI), and a Code of Ethics. These documents contain a series of rules of conduct (in addition to those concerning compliance with statutory, regulatory and contractual requirements and internal procedures) with which all those operating on behalf of the company are required to comply.

Risk Management monitors operational risk, with the support of Compliance on matters regarding legal risks (including AML).

The Control system approved by the Board of Directors also envisages specific controls to be carried out by the Internal Audit department.

## • Quantitative disclosure

Pursuant to Title III "Own funds requirements for operational risk", Part 3 "Capital requirements" of Regulation (EU) 575/2013 (CRR), Banca Simetica is required to use the Basic Indicator Approach to calculate the capital for operational risk. This method makes it possible to determine the level of capital endowment to cover operational risk. Applying a fixed percentage of 15% per cent to positive values of the relevant indicator for the previous three years to calculate the capital requirement to cover operational risk.

This ratio is calculated using the following formula:

$$KBIA = [ \sum (GI1...n \times \alpha) ] / n$$

where

KBIA = the capital charge under the Basic Indicator Approach of "Basel II"

GI = relevant indicator where positive, over the previous three years  
n = number of the previous three years for which gross income is positive

$\alpha$  = 15% (which is set in the "Basel II" agreement) relating the industry wide level of required capital to the industry wide level of the indicator.

The relevant indicator is defined as the sum of interest receivable and similar income, interest payable and similar charges, income from shares and other variable/fixed-yield securities, commissions/fees receivable, commissions/fees payable, net profit or net loss on financial operations and other operating income. All extraordinary items (if present) are excluded from the above indicator.

The following formula was used to calculate Banca Simetica's level of capital for operational risk coverage for 2022:

$$KBIA, 31/12/2022 = [(7,585,631 + 8,781,281 + 3,944,147) \times 15\%] / 3 = 1,015,553 \text{ Euro}$$

In addition, Risk Management constantly monitors any detrimental events that occur in connection with operational risk and regularly reports to the Internal Audit department, the CEO and the Board of Directors. The Bank also has an official shared database to keep track of the events determined by such risk.

## Part F – Equity

### Section 1 - Shareholders' equity

#### A. Qualitative disclosure

Given its business and growth strategies, Banca Simeica has adopted the necessary measures to ensure that it maintains an adequate level of capital.

Shareholders' equity comprises the share capital, the retained earnings generated in previous years, valuation reserves set up in accordance with international accounting principles and net profit for the year.

#### B. Quantitative disclosure

##### B.1 SHAREHOLDERS' EQUITY: BREAKDOWN

Item/Amount	2022	2021
1. Share Capital	7,600,000	7,600,000
2. Issue premium	1,300,000	1,300,000
3. Reserves	30,302,441	30,288,218
4. Capital instruments		
5. (Own shares)		
6. Valuation reserves		
- Equity instruments designated at fair value through other comprehensive income		
- Equity instrument hedges designated at fair value through other comprehensive income		
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income		
- Tangible assets		
- Intangible fixed assets		
- Foreign investment hedges		
- Cash flow hedges		
- Hedging instruments [undesignated items]		
- Exchange differences		
- Non-current assets and disposal groups		
- Financial liabilities designated at fair value through profit or loss (changes to credit standing)		
- Actuarial gains (losses) relating to defined benefit plans	(57,709)	(292,599)
- Shares of valuation reserves relating to subsidiaries valued through equity		
- Special revaluation laws		
7. Profit (loss) for the year	1,669,665	128,223
<b>Total</b>	<b>40,814,397</b>	<b>39,023,842</b>

#### **B.4 VALUATION RESERVE RELATING TO DEFINED BENEFIT PLANS: CHANGES FOR THE YEAR**

There was a € 234,890 reduction in the valuation reserve relating to defined benefit plans, as shown in the table above.

#### **Section 2 - Own funds and regulatory ratios**

In accordance with the provisions of art. 434 "Means of disclosures" of Regulation (EU) 575/2013 (CRR), the disclosures concerning the Bank's capital adequacy and risk exposure, drawn up in compliance with Part 8 of the aforesaid CRR, are published on its corporate website [www.bancasimeica.it](http://www.bancasimeica.it).

## Part H – Transactions with related parties

### 1. Remuneration of Directors with strategic responsibilities

Fees paid to Directors and Statutory Auditors (inclusive of social security payments and taxes payable by the company) are shown in the table.

	2022	2021
Directors	284,121	283,441
Statutory Auditors	44,408	44,408
<b>TOTAL</b>	<b>328,529</b>	<b>327,849</b>

### 2. Information on transactions with related parties

This section has been drafted with reference to article 2427, section 1(22-bis) of the Italian Civil Code. However, in that regard, it includes all transactions with related parties, including those that are not relevant or that were concluded at arm's length.

In actual fact, relations and transactions with related parties do not constitute a critical factor; they regard the provision of investment services and are performed in accordance with requirements of procedural and substantial correctness. Moreover, the individual services supplied to related parties are subject to current market conditions, in line with standard practice for services supplied to clients and employees.

Related parties have been defined with reference to the definitions as per the international accounting standards adopted by the EU, in particular IAS 24.

Reference was also made to that set forth in Banca d'Italia Circular No. 262/2005 "Financial statements of banks: preparation criteria and format", as amended.

Pursuant to the above provisions (and since the Bank does not belong to a credit group) the Bank's related parties have been defined as falling within the following categories:

- individuals and parties other than individuals, that have an interest in the entity that gives them significant influence over the entity;
- "key management personnel" (those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, whether executive or otherwise, of that entity and members of the audit bodies;
- close members of the family of an individual: the individual's spouse, domestic partner and children, the children of the individual's spouse or domestic partner and dependents of the individual, the individual's spouse or domestic partner.

<i>Type of related party</i>	<i>Asset Guarantees</i>	<i>Liability<sup>1</sup></i>	<i>Costs</i>	<i>Revenues<sup>2</sup> issued</i>	<i>Guarantees received</i>
Directors		1,492,114.76		33,933.90	
Statutory Auditors		131,981.84		3,354.56	
Family members		219,835.03		5,082.16	
Other related parties		24,975.74		0.00	

<sup>1</sup> Cash balance as at 31/12/2022

<sup>2</sup> Fees generated in 2022

## Annex 1

The following table shows information details of fees for statutory audit and non-audit services charged to the Company for the financial year ending on 31 December 2022 as required by Article 2427, item 16 bis) of the Italian Civil Code.

<i>Type of service</i>	<i>Service provider</i>	<i>Fees(1)</i>
Audit of company accounts	Ria Grant Thornton S.p.A.	€ 18,542
Certification services	Ria Grant Thornton S.p.A.	€ 4,097
Tax advisory services		
Other services		
<b>Total</b>		<b>€ 22,639</b>

(1) Fees inclusive of out-of-pocket expenses, Consob supervisory fee and VAT.

## Annex 2

The share structure is as follows:

- 36 % Barbera family
- 36 % Mello Rella family
- 21 % Acciaierie Valbruna S.p.A.
- 7 % Other shareholders

The bank is not part of a group and is not subject to the control or coordination of any of the shareholders pursuant to art. 2497 of the Italian Civil Code.

## Annex 3

Country-by-country reporting (Banca d'Italia Circular No. 285 - Part One, Title III, Chapter 2). The information required under art. 89 of CRD IV can be consulted on the bank's website, using the link: [http://www.bancasimetica.com/informativa\\_al\\_pubblico.php](http://www.bancasimetica.com/informativa_al_pubblico.php)

**BANCA SIMETICA S.p.A.**  
**Registered office in Biella and tax code 02071270025**  
**Registered Bank, registration No. 5713 - ABI code No.3398.5**  
**Share capital € 7,600,000.00 fully paid-in**

\* \* \*

**Report of the Board of Statutory  
Auditors  
to the Financial Statements for the  
year ended on 31/12/2022**

\* \* \*

Dear Shareholders,

The financial statements for the year ended at 31/12/2022, the company's twenty-first year of business, which include the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows, the notes to the financial statements and the Directors' Report, which have been submitted to you by the Board of Directors for approval, have been drawn up in accordance with international accounting standards (IAS/IFRS) as required by the 7th update of Circular No. 262 issued by Banca d'Italia on 22 December 2005 (dated 29/10/2021 and subsequently issued on 02/11/2021). The further 8th update, issued on 17/11/2022, shall find application from the balance sheet closed at 31/12/2023.

The financial statements have been audited by Ria Grant Thornton S.p.A., who today has attested that it provides a true and fair representation of the financial position, result and cash flows in accordance with IFRS adopted by the EU as well as measures enacted pursuant to Art. 43 of Legislative Decree No. 136/2015.

The directors' report has also been certified as reflecting the financial statements for the year ended at 31/12/2021 and as being prepared in accordance with all legal requirements.

Moreover, with reference to the statement issued in accordance with art. 14(2)(e) of Legislative Decree No. 39/2010, the independent auditors certified that they had nothing to report.

Said independent auditors were entrusted with performing auditing activities pursuant to Art. 2409 bis of the Italian Civil Code. Therefore, while approving the general approach of the financial statements and the general conformity of their format and structure, as mentioned above, the Board of Statutory auditors is not required to express an opinion on the specific review procedure.

Therefore, in that respect, the Board of Statutory auditors has nothing specific to report.

As far as the Board of Statutory Auditors is aware, the Directors made no exceptions to the provisions of art. 2423(4) of the Italian Civil Code nor have they made any changes to valuation criteria compared to the previous year.

The Board of Statutory Auditors verified compliance with legal requirements concerning the drafting of the directors' report, and also has nothing specific to report in that respect.

Lastly, the Board of Statutory Auditors verified the consistency of the information contained in the financial statements with the facts and information it acquired during the course of its work, and has nothing specific to report.

As regards our work for the year ended on 31 December 2022 , we state the following:

- We verified compliance with the law, with the company's bylaws and observance of the principles of good administration.
- We were called and took part in meetings of the Board of Directors and of Shareholders; we verified that those meetings were held in accordance with all statutory and legal requirements and regulations.
- have constantly received from the directors, including during board meetings, the requested information on general general trends in management and the outlook for the future, and regarding the main activities; in particular, we received information about the complex macroeconomic context within which the company works and the risks associated with its business and found no critical aspects either with regard to proprietary trading operations or to services for clients. The Board of Statutory Auditors can reasonably state that actions decided upon by the Board of Directors were taken in accordance with current legislation and were not manifestly imprudent or capable of damaging the integrity of the company's assets. In actual fact such actions contributed to the achievement of the positive results for the year ended on 31/12/2022, confirming the trend of previous years. We can also state that there are no circumstances such as to undermine continuity of business.
- met with all persons in charge of auditing activities. We did not find any significant data and/or information to be included in this report;
- verified the work of those responsible for internal controls, risk management and compliance, and found nothing significant to report with regard to their activities and reports;
- We assessed and continuously monitored the adequacy of the company's organizational structure, also by gathering information from the respective department managers, and have nothing particular to report.
- We assessed and monitored the adequacy of the administrative and accounting systems, and the reliability of the latter in correctly representing management events, by obtaining information from the department managers, and have nothing specific to report.
- We monitored the activities of the Ethics Committee, established under art. 21 of the company's bylaws. Our opinion on the company's social report is stated in a separate report.
- We did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.

- We certify that in fulfilling our mandate we did not discover any significant facts worthy of mention in this report.
- No critical aspects emerged in acting as the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001.

On the basis of the foregoing observations and on the basis of the results of the activities carried out by the independent auditors, the Board of Statutory Auditors proposes that the Shareholders' Meeting approve the financial statements for the year ended on 31 December 2022 and the relevant allocation of profits (recommending compliance with any restrictive provisions that may be imposed by supervisory bodies), as respectively drawn up and proposed by the Board of Directors.

Biella, 11 April 2023

THE BOARD OF STATUTORY AUDITORS

Mario Rovetti

Giovanni Spola

Fabio Daniele

**Relazione della società di revisione indipendente  
ai sensi degli artt. 14 del D.Lgs. 27 gennaio 2010, n. 39  
e 10 del regolamento (UE) n. 537/2014**

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*Agli Azionisti di  
Banca Simeica S.p.A.*

## **Relazione sulla revisione contabile del bilancio d'esercizio**

### **Giudizio**

Abbiamo svolto la revisione contabile del bilancio d'esercizio di Banca Simeica S.p.A. (la "Banca"), costituito dallo stato patrimoniale al 31 dicembre 2022, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Banca al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards, adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs.136/2015.

### **Elementi alla base del giudizio**

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

### **Aspetti chiave della revisione contabile**

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

**Aspetto chiave***Risultato netto dell'attività di negoziazione*

La voce 80 "Risultato netto dell'attività di negoziazione", risulta iscritta nel conto economico del bilancio al 31 dicembre 2022 per un ammontare complessivo pari ad Euro 6.186 migliaia e corrisponde a circa il 91% del totale voce 120 "Margine di intermediazione".

La voce accoglie il risultato dell'attività di negoziazione (utili, perdite, plusvalenze e minusvalenze) svolta dalla Banca nel corso dell'esercizio 2022.

Tale voce è stata ritenuta un aspetto chiave della revisione contabile in considerazione della rilevanza del valore iscritto in bilancio, visto che rappresenta nella sostanza, l'attività caratteristica della Banca ed in considerazione della sua origine direttamente correlata ai volumi degli strumenti finanziari negoziati sui mercati di riferimento.

L'informativa è fornita nella nota integrativa – Parte C Informazioni sul conto economico, Sezione 4 – Il risultato netto dell'attività di negoziazione.

**Procedure di revisione in risposta all'aspetto chiave**

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

- analisi delle procedure informatiche, dei processi aziendali e delle policy adottate dalla Banca nell'attività di negoziazione;
- individuazione e comprensione dei controlli rilevanti volti a presidiare il complessivo processo di negoziazione e le conseguenti rilevazioni contabili;
- verifica, su base campionaria, dell'operatività di negoziazione svolta e dell'efficacia dei controlli rilevanti ai fini della corretta contabilizzazione del risultato delle operazioni di negoziazione poste in essere nel corso dell'esercizio;
- verifica, su base campionaria, dell'accuratezza matematica del risultato di negoziazione rilevato in seguito all'operatività svolta;
- verifica della corretta classificazione ed esposizione in bilancio del risultato dell'attività di negoziazione in conformità al quadro normativo sull'informazione finanziaria applicabile

***Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio***

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

Gli amministratori sono responsabili per la valutazione della capacità della Banca di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia.

Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Banca o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

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

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

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

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

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Banca;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Banca di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Banca cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

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

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

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

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

L'assemblea dei soci di Banca Simeica S.p.A. ci ha conferito in data 29 aprile 2021 l'incarico di revisione legale del bilancio d'esercizio della Banca per gli esercizi dal 31 dicembre 2021 al 31 dicembre 2029.

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

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Legale, predisposta ai sensi dell'art. 11 del citato Regolamento.

**Relazione su altre disposizioni di legge e regolamentari**

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

Gli amministratori di Banca Simeica S.p.A. sono responsabili per la predisposizione della relazione sulla gestione al 31 dicembre 2022, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di Banca Simeica S.p.A. al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di Banca Simeica S.p.A. al 31 dicembre 2022 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 11 aprile 2023

Ria Grant Thornton S.p.A.



Marco Bassi  
Socio

## ***Banca Simetica S.p.A.***

Registered Bank, registration No. 5713 - ABI code No.  
3398.5 Member of the Fondo Nazionale di Garanzia  
(National Guarantee Fund) and of the  
Fondo Interbancario di Tutela dei Depositi  
(Interbank Deposit Protection Fund)

Registered office and Head office: Via C. Crosa, 3/c –  
13900 BIELLA. Tel. +39 015 45 03 300/302 – Fax +39 015  
45 03 333/334

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