INVITALIA

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

Consolidated Financial Statements at 31.12.2020

ADMINISTRATIVE AND CONTROL BODIES

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Managing Director	**Domenico ARCURI**
Directors	**Paola CIANNAVEI** **Stefania COVELLO** **Sergio MACCAGNANI**

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Standing Auditors	**Rosalba COTRONEO** **Adriano MASAROLI**
Alternative Members	**Cinzia VINCENZI** **Giovanni DESANTIS**

FINANCIAL REPORTING OFFICER	**Domenico TUDINI**
AUDITING FIRM	**Deloitte & Touche SpA**

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INTRODUCTION

Dear Shareholder,

The consolidated financial statements for 2020 show profit for the Group totalling € 36,897,000

As in the previous year, the parent company maintained its commitment to supporting the creation of new businesses and to protecting existing ones, meeting the needs of local areas and creating new opportunities for growth and development consistent with the government's economic and financial policies. The National Agency operates within the complex Italian entrepreneurial system, supporting both large investments and the competitive strengthening of already existing companies, also supporting the creation of new entrepreneurial businesses which can express economic potential in terms of employment, social aspects and the creation of value.

2020 Economic Situation

The Italian economic and social situation is exceptional complex and uncertain. 2020 will be remembered as the year of the pandemic and its effects, combined with the economic slowdown of 2019, have led to a global recession without precedent in terms of its size and reach. Global GDP fell by 3.5%, while Europe lost around 7 points of growth and the US another 3.5%, while China was the only country with a positive growth margin (+2.3%).

The effects on the major economies were consequently dramatic, above all during the spring. In subsequent months, based on improved expectations regarding the fight against the pandemic, but above thanks to the almost unlimited liquidity injected into financial systems, stock markets more than recovered the ground last, with the US and China seeing new maximums, and Europe finally returning to pre-crisis levels. However, the performance of the financial markets did not mirror that of the real economy, which followed a strictly monetary logic searching for returns in a market with excessive liquidity. The real economy shows public debt up sharply (in Italy more than 20 percentage points relative to GDP) and a notable imbalance between incoming and outgoing amounts financed through the deficit, as well as a more general and substantial change in consumer attitudes which have increase not just social inequality but also commercial. In fact, certain economic sectors over performed (media/entertainment, pharmaceuticals, delivery services) while more traditional sectors, which historically have offered more employment, suffered immense difficulties and declines, to the extent that permanent unemployment funds were made use of for more than 12 consecutive months.

To limit the drop in production and in consumption caused by the effects of the lockdown, international institutions, governments and central banks in the major countries promptly implemented sizeable tax and monetary measures to support the incomes of households and businesses.

In particular, in Italy the health emergency hit an economy that was already suffering from stagflation creating negative impacts on both the supply and demand for products and services, as was also seen in the other main countries of Europe. The Italian GDP saw a drop of 5.3 percent, a decrease in employment. Significant assistance was required from the central government to limit and mitigate these effects. Budgetary actions intended to fight the crisis in the past year will have an extremely important impact on public finance balances and debt.

During the first quarter of 2020, limitations on business and social life linked to the health crisis created widespread and deep effects in terms of both supply and demand.

The GDP decrease affected all of the main production sectors. Industry narrowly defined fell by 8.6 percent, construction fell by 6.2 percent, services by 4.4 percent and commerce, transport, hospitality and restaurants by 9.3 percent. The decline in household and private social institution spending contributed a negative 4 percentage points while gross fixed investments subtracted 1.5 percentage points from the GDP change. Finally, the decrease in purchases of durable goods and services (respectively, -17.5 and -9.2 percent) was balanced by greater tenacity in spending for non-durable consumer goods (-0.9 percent). The recovery from this widespread and complex crisis which began in the second half of the year with adverse conditions is only at the beginning. In terms of public debt, we are facing a new expansion dictated by absolute necessities, which based on DEF forecasts will exceed 20 percentage points of GDP, at 155.7 percent.

THE GROUP'S FUNDAMENTAL ROLE DURING THE PANDEMIC

The beginning of the COVID-19 pandemic and its continuation saw both the parent company and the subsidiary Mediocredito Centrale – Banca del Mezzogiorno (hereafter, also BDM-MCC) involved in fighting the health crisis. In fact, implementing the provisions of article 122 of the Decree Law 17 March 2020, with a Decree of the President of the Council of Ministers on 18 March 2020, the Managing Director of Invitalia was appointed as the Special Commissioner to implement and coordinate needed measures to limit and fight the COVID-19 epidemiological emergency, pursuant to the Council of Ministers resolution of 31 January 2020. This same Decree established that in exercising his powers, the Commissioner could make use of, among other things, the in house companies of the public administration. This led to significant involvement of the company's offices in supporting the Commissioner's activities, as well as direct involvement of certain employees in the structure of the commissioner.

Additionally, the parent company was directly involved in managing specific measures implemented during the pandemic with industrial development and economic support objectives.

From an industrial point of view, the main focus was providing the country with a series of facilities to produce medical devices, personal protective equipment, mechanical ventilators and various material needed to fight and limit the spread of COVID-19. An incentive known as Curaitalia was established to kick start this production, intended to support the expansion of existing production and/or the conversion of industrial plants to this type of production. It is an innovative tool that, among other things, provides a sort of premium by converting loans into grants in an amount directly proportional to the speed at which the financed plant begins production.

From a financial point of view, the goal was to stimulate virtuous capitalisation behaviour by Italian SME, by granting subsidised finance following capital increases carried out under specific conditions, through the subscription of debt securities by the Agency.

To that end, a SME Asset Fund was established and assigned to the parent company, to be used to subscribe bonds or debt securities newly issued by medium equity companies or cooperatives which have suffered economic losses due to the pandemic and carried out a capital increase of at least € 250,000 during the period.

With the publication of the Relaunch Decree in the *Official Gazette of the Italian Republic* (Decree Law 34/2020), the government also assigned funding for € 50 million to be dedicated to companies in order to adopt measures intended to reduce the risk of COVID-19 contagion at work. This measure covers the expenses incurred by companies (of all sizes) to comply with the requirements established under the INAIL/ISS guidelines and the unionised company protocol of 24 April 2020. The resources were made available by INAIL, while management of the procedure was assigned to Invitalia, based on specific directives formulated by the institute.

In the specific context of the COVID-19 pandemic, BDM-MCC carried out projects intended to achieve its purpose, taking advantage of the instruments made available by the government to support businesses.

In particular, the Guarantee Fund was a key instrument in implementing the support measures adopted by the government.
At 31/12/2020 guarantee requests accepted pursuant to article 13, letter m) of the Liquidity Decree totalled 1,040,982 (67.5% of the total), while requests regarding operations pursuant to article 56 of the Cure Italy decree came to 196,775 (12.4% of the total).

Operations granted Fund guarantees totalled 1,585,344 (+1,168.7% with respect to 2019) for total volume of financing of around € 124.4 billion (+543.8% with respect to 2019) and a guaranteed amount of € 105.9 billion (+696.0% with respect to 2019).

BDM-MCC also participated, as the manager of the Guarantee Fund, on the task force established on 29 March 2020, together with the MEF, MED, Bank of Italy, ABI and SACE, to ensure efficient and rapid utilisation of the liquidity support measures adopted by the government in Decree Law 18/2020, further extended with Decree Law 23/2020.

BDM-MCC, again in the context of extraordinary measures to support companies and households during the health emergency, also:

• suspended instalments on loans provided to SME, pursuant to Italian Decree Law 18 of 17 March 2020, converted with Law 27 of 2020, and to the subsequent extension to 31 January 2021, pursuant to article 65 of Decree Law 104, known as the August Decree;
• suspended instalments on first home mortgages for private individuals pursuant to Decree Law 18 of 17 March 2020, Cure Italy, with the contribution of the First Home Mortgage Solidarity Fund;

THE ROLE AS A SUPPORT ENTITY FOR DISTRESSED COMPANIES

During the year in question, the role taken on by the parent company over the last three years as the National Agency supporting the government in combating the industrial and employment crisis continued (also with regards to the choice of multinational groups to delocalise manufacturing). This allowed the company to continue with the activities it had already undertaken to acquire equity investments to provide support for distressed companies. At present, in addition to the equity investments in **Sider Alloys** and **Industria Italiana Autobus** already finalised in 2019, activated with development contract funds, **Banca Popolare di Bari** was also acquired through the subsidiary Mediocredito Centrale- MCC-BdM SpA (hereafter, also "MCC").

This acquisition served to implement Decree Law 142 of 2019, through which the Ministry of Economy and Finance, through decrees issued capital grants to the parent company up to a maximum of € 900 million for 2020, with the aim of strengthening capital through capital grants made to MCC-BdM, so that the latter can promote - based on market logic, criteria and conditions - the development of financial assets and investment, also to support companies in southern Italy, to be realised in part through the acquisition of equity investments in banks and financial companies, generally joint stock companies. This is with the prospective of additional further possibilities to rationalise these equity investments, aimed at strategic initiatives, to be carried out through financial operations, including direct or indirect equity investments to support businesses and employment, also in southern Italy. After a long and complex negotiation process, on 29 June 2020 MCC completed its acquisition of 96.8% of the share capital of Banca Popolare di Bari (BPB) and its subsidiaries. MCC-BdM will exercise management and coordination as the parent company of the MCC Banking Group. The funds required for the operation (€ 430 million) were provided to Invitalia through a contribution of the same amount disbursed by the Italian Ministry of Economy and Finance, and then transferred in the same amount to MCC-BdM as a capital grant.

An additional tranche of this funding, in the amount of € 400 million, came to Invitalia in the form of an additional capital grant in January 2021, to purchase a 38% equity investment in Acciaierie Italiane SpA. This consists of shares which guarantee the new shareholder voting rights equal to 50% of share capital.

The Directors, as described in detail in Part A of the Notes, based on a legal opinion requested for the purpose, deemed these contributions to be deferred revenue and not equity, meaning they do not possess the requirements for control established under the international accounting standards both with reference to BPB and to Acciaierie Italiane. Therefore, these companies are not included within the scope of consolidation.

Finally, also due to the health and economic emergency caused by the restrictive measures imposed by the executive branch, Invitalia was assigned two new support measures: **the Company Protection Fund and the SME Asset Fund, which accompany the Grow in the South Fund.**

More specifically, the Company Protection Fund serves to acquire minority interests in the risk capital of companies suffering economic and financial difficulties. With the Fund's resources, Invitalia makes direct investments in risk capital meeting certain conditions. Investments are carried out in combination with independent private investors who provide at least 30% of the resources involved (in the case of transactions involving distressed companies not meeting EU guidelines), while the proposing company guarantees an own contribution of at least 25% for small companies, 40% for medium companies and 50% for large companies (in the case of transactions involving distressed companies meeting EU guidelines).

The second instrument, the SME Asset Fund, already outlined, is aimed at companies that decide to invest in their own relaunching. It operates through the acquisition of bonds or debt securities issued by companies that have carried out a capital increase of at least € 250,000. Promoted by the Ministry of Economy, the Fund has funds of € 1 billion for 2021. Acquisition of securities must happen by 30 June 2021.

The third instrument, the Grow in the South Fund, acquires equity investments, mainly non-controlling, in the risk capital of SMEs that have their legal and operating headquarters in the eight regions of southern Italy. With the Fund's resources, Invitalia makes direct investments in shares, units and, generally, securities representing risk capital, or which are directly associated with the full conversion of the financed company's capital into shares or units, under pre-established conditions. Invitalia operates by investing the financial resources of the Fund in combination with independent private investors who contribute at least 50% of the resources involved. The duration of direct investments is generally equal to 5 years, also with the aim of making it possible to achieve the objectives indicated in the development plan.

ACTIVITIES CONTINUED FROM THE PREVIOUS YEAR

With regard to the functions, activities and operating mechanisms of the individual line areas, while referring to the subsequent detailed analysis chapters of the report, it is worth recalling here the main actions undertaken to implement the more comprehensive Agency strategies:

Incentives and Innovation

During 2020, the parent company confirmed its core activities, further extending the range of tools and services dedicated to helping create new businesses and strengthening the competitiveness of existing ones.

Activities dedicated to helping develop start-ups in the tourism sector continued, carried out through the FactorYmpresa Turismo. During 2020, a new edition was carried out which saw the participation of 334 candidates, with 20 projects selected and 10 initiatives receiving awards.

Additionally, the parent company began a business education programme "Business in Action", promoted by Junior Achievement Italia, the largest non-profit organisation in the world that prepares young people for entrepreneurship and their future employment. The project involved 8 employees from the Business Unit. Serving as Dream Coaches, the assisted 6 classes of students coming from 6 high schools in Abruzzo, Calabria, Campania, Lazio and Sicily, helping them understand how to manage a business. The programme ended with an online event, during which each class presented their own business idea in a pitch session.

During 2020 the parent company's application to join TAFTIE, a network of the main European agencies for innovation, was accepted. The network cooperates on the main issues associated with innovation and relative European policies (in course and future ones), working constantly with the European Union to influence the allocation of financial resources in European budgets relative to innovation and development in the near future. The network's activities focus on thematic task forces that examine issues of shared interest, revolving around on innovation. Invitalia is an active participant on 3 task forces: Government Aid; Innovation, Equality, Diversity and Inclusion; Sustainable Development.

In terms of the efficacy and efficiency of the measures it manages, the parent company completed a detailed improvement/refinement plan for the New Interest-free Companies measure, allowing it to also finance existing companies and with higher investments. It also began a process to revise and supplement Cultura Crea during the year, making the instrument more agile and eliminating certain constraints, as well as adding new implementation tools (tutoring). This process was completed in the first quarter of 2021.

Actions to improve the efficiency of Smart&Start led to a significant increase in incoming requests. Also with regards to Smart&Start, in cooperation with a partner in TAFTIE, some of the financed companies meeting certain requirements were invited to participate in an online pitch session organised by BPIFrance, with an audience of institutional investors coming from around the world.

Also in terms of innovative start-up, the parent company will manage an instrument, which has already been issued but for which the access procedure has not yet been formally activated, known as Smart Money. It will provide subsidies in the form of grants to purchases services provided by incubators, accelerators, innovation hubs, business angels and other public or private entities which help develop innovative companies.

The flow of requests for Development Contracts remains high. This is an instrument which has become important in local industrial policies and development. The increase in financial resources, although limited to certain strategic sectors, has made it possible to work satisfactorily.

The area also manages all contact channels regarding beneficiaries and potential beneficiaries, through the dedicated contact centre.

Public Investments

In the last three years, the government has supported and promoted a relaunch of public investments, as a typical tool for anty-cyclical support to the economy, to favour innovation, environmental sustainability and strengthen tangible and intangible infrastructure.

The Economy and Finance Document approved on 9 April 2019 by the Italian Council of Ministers emphasised the need to support public investments as a fundamental factor in ensuring the growth and competitiveness of the productive system.

In this framework, the parent company is becoming increasingly qualified to serve as the entity entrusted with implementing and accelerating investments of particular complexity and strategic importance, above all those for development and territorial cohesion, financed with national and EU resources.

The parent company has taken on the role of the specialised structure for central administrations and commissioner structures, able to support the various stages in an investment cycle, from programming to design and through to execution of the work.

The skills, professionalism and experience acquired up to this point have made it possible to develop an operating model allows to identify Invitalia as the Program Manager for executing public investments.

Additionally, the parent company is involved in promoting and managing programmes, projects and actions for restoration, environmental reclamation and reindustrialisation of areas in crisis, as well as those to overcome environmental emergencies, improve the efficiency of public services and take full advantage of public assets.

In all activities, the signing of specific Legal Protocols with various administrations and Cooperative Supervisory Protocols with the National Anti-Corruption Authority (ANAC) has made it possible to maintain high levels of transparency and legality in procedures.

Operating Programmes

The Operating Programmes Business Unit serves as a partner for Public Administrations administering public resources for major operating programmes, both EU and domestic, aimed at developing the country.

At the beginning of 2020, the Operating Programmes BU was involved in:

- the "partnership round table for 2021-2027 scheduling", contributing analysis and thoughts on the progress of projects in course and on guidelines for the coming years, as part of the issue-based round tables on policy objectives proposed by the general regulations. The objective of this work is to create a partnership agreement, the strategic document that defines guidelines, resources and projects for the new cycle of cohesion policy for Italy. To that end, the Agency contributed to defining the initial hypotheses relative to a possible national operating programme for productive and entrepreneurial development and another programme for the energy transition, both managed by the MED.
- strengthening "System-level actions", in particular with reference to the National Aid Register which after the first three years of full operation in 2020 was able to switch from a the self-certification regime to public certification one, through a certificate of aid received by the companies;

- strengthening innovative methods used to manage notice demands, with remote office controls carried out already when requests are being completed, offering significant improvements in the efficiency and efficacy of administrative work;
- strengthening existing cooperative relationships and beginning new ones to support various administrative areas, including: the Ministry of the Interior, the Ministry of Health, the Ministry of Labour and Social Policies, the Ministry of the Environment, Land and Sea Protection, the Ministry of Transport, the Ministry of Education and Research, the Department for Economic Policy Programming (DIPE) and Coordination and the Ministry of Infrastructure and Transport.

Divestment Activities

In 2020, activities aimed at eliminating equity investments held to no longer be consistent with the Group's development guidelines included the sale of the subsidiary Trieste Navigando, as well as significant progress in the negotiations to sell Marina d'Arechi, which were completed in the first months of 2021. Additionally, an agreement was reached to sell Marina di Portisco, which can be finalized once authorisation is received from MED.
The plan to sell part of the Italia Turismo assets to a major Italian operator, announced in March 2020 by the parent company, could not be completed because the prospective purchaser withdrew their offer due to increased difficulties in the tourism sector associated with the pandemic.

Consequently, the assets of Italia Turismo, together with those belonging to Invitalia Partecipazioni and to the parent company were added to the "Group Real Estate Rationalisation and Disposal Plan". Initiated by Invitalia with the support of a real estate management company owned by MEF, the plan at the end of 2020 had led to the underwriting of an agreement between the parties aimed at selling the entire real estate portfolio to a fund known as "i3-Development Italy Fund".

Composition of the Group

At 31.12.2020, the parent company held control over the following companies:

Banca del Mezzogiorno Mediocredito Centrale SpA The Bank's mission is to support SMEs, mainly in the South, through the provision of loans and management of public guarantee funds. The company's mission is in synch with that of the Agency, consolidating its institutional role aimed at increasing Italy's competitiveness, particularly in the South, and the support for those sectors which are strategic for economic and social development.

In turn, the Bank controls 96.8% of the shares representing the share capital of **Banca Popolare di Bari (BPB)** and its subsidiaries. MCC will exercise management and coordination as the parent company of the MCC Banking Group. This control does not reach Invitalia as, based on a legal opinion regarding compliance with Italian Decree Law 142 of 2019, it has been established that the equity investments acquired directly or indirectly using contributions made available through the above law do not meet the requirements for control, as the parent company is not exposed to the risk of losses through these investments, nor can it derive profits from them. Consequently, said equity investment and the relative subsidiaries are not included in the Agency's consolidated financial statements nor in its consolidated non-financial declaration. More details can be found in Part A - ACCOUNTING POLICIES - A.1 – General Section - Section 4 - Other Aspects - Application of Article 142.

Infratel Italia SpA, which is engaged in the construction and management of telecommunications infrastructure, implementing the Broadband and Ultra-Broadband Development Programmes.

Invitalia also holds control over:

Invitalia Partecipazioni SpA, which acts as a vehicle company, responsible for the completion of the residual disposal processes;

Italia Turismo SpA and **Marina di Portisco SpA** which are expected to be disposed of by the end of the current year.

The parent company also holds 100% of the shares of:

Invitalia Global Investment SpA, a financial institution authorised to provide loans to promote the development of exports and internationalisation in the Italian economy relative to countries classified as high risk by the International Financial Action Group, also known as the Financial Action Task Force (GAFI-FATF).

Due to the special purposes that lawmakers intended to pursue by creating a new instrument for public action, regulated by special administrative provisions, Invitalia's Board of Directors resolved, in previous years, in line with that indicated by the Ministry of Economy and Finance, not to provide management and coordination for the company in question.

In fact, despite possession of all the share capital, all the significant activities carried out by the company are subject to provisions and directives issued by the Government. Consistent with the assessments made also by the shareholder, it was held that these significant restrictions could be classified as a situation in which a majority of voting rights were held, but without any real management power, with consequent exclusion of the company from the Group's scope of consolidation, as is also stated in the referenced accounting standards.

A - REFERENCE REGULATORY FRAMEWORK AND CORPORATE TRANSACTIONS

A.1 -Development of the regulatory framework

Below are the main regulatory provisions relating to the Parent Company issued during the year 2020.

- **ISTAT list of public administrations.**
- The parent company was added to the list *(OG, General Series, no. 242 of 30-09-2020)* and can be found under the heading: Entities producing economic services.
  This is a list of public administrations inserted in the consolidated profit and loss account for the government, identified pursuant to article 1, paragraph 3 of Italian Law 196 of 31 December 2009, as amended (Accounting and Public Finance Law).

- **Credit System in the South.**

  Italian Decree Law 142 of 16 December 2019, coordinated with Conversion Law 5 of 7 February 2020, containing: "Urgent measures to support the credit system in the South and to create an investment bank."
  (OG, General Series, no. 37 of 14-02-2020)

  The Decree, as stated previously, establishes that through one or more decrees issued by the Ministry of Economy and Finance, the parent company will be assigned one or more capital grants, up to a maximum total of € 900 million for 2020, to be used entirely to strengthen the capital of MCC-BdM SpA, through capital grants.

The purpose of the operation is to all MCC-BdM to promote, using market logic, criteria and conditions, the development of financial assets and investment in the South, also by supporting companies and employment, through financial operations, which may also include the acquisition of equity investments in banks and financial companies, generally joint stock companies, with the prospect of further possible operations to rationalise these equity investments.
Decree Law 104 of 14 August 2020, converted with Law 126 of 13 October 2020, containing: "Urgent measures to support and relaunch the economy". Article 64 extends the scope of financial operations through the use of resources assigned to Invitalia. In fact, it establishes that resources can also be used for strategic support initiatives, including direct or indirectly equity investments in the capital of companies and for employment, also in the South.

- **Accounting simplification**

Italian Decree Law 34 of 19 May 2020 Urgent measures for health, support for work and the economy and for social policies connected with the COVID-19 health emergency. Relaunch Decree.
(OG, General Series, no. 128 of 19-05-2020 - Ordinary Supplement 21)

Article 47 National Agency for the attraction of investments and enterprise development SpA - Invitalia

The article establishes that, in order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia SpA is authorised to enter solely in its balance sheet accounting records any decreases resulting from real estate rationalisation and disposal transactions carried out, also through newly incorporated or publicly controlled companies, including those indirectly controlled. The provisions regarding the plan to reorganise and dispose of its equity investments in non-strategic sectors apply to these reorganisation operations.

For all regulatory references regarding legal provisions managed, please see the Annexes to the Directors' Report on Operations.

A.2 - Corporate transactions

The Parent Company

On 27 November 2020, the Shareholders' Meeting appointed the new Board of Statutory Auditors.

In compliance with Decree Law 142 of 16 December 2019, the Agency also received a capital grant of € 430 million from the MEF, immediately transferred to the subsidiary MCC-BDM.

Banca del Mezzogiorno – MedioCredito Centrale SpA: during the year, the Company acquired a controlling equity investment in Banca Popolare di Bari SpA, in compliance with the provisions of Decree Law 142 of 16 December 2019, containing "Urgent measures to support the credit system in the South and to create an investment bank" (converted with amendments by Law 5 of 7 February 2020).

Additionally, on 17 April 2020, the Shareholders' Meeting appointed the new Board of Directors.

Infratel SpA: on 22 January 2020, the Shareholders' Meeting appointed new corporate bodies.

Marina di Portisco SpA: on 24 January 2020, the Shareholders' Meeting appointed new corporate bodies.

Minority corporate transactions

During 2020, the parent company carried out the following corporate transactions:

Istituto della Enciclopedia Italiana fondata da Giovanni Treccani SpA: On 30 April 2020, the Shareholders' Meeting approved an € 8 million divisible capital increase and Invitalia, which holds an equity investment in the company of approximately 6.47%, exercised its option rights on the shares due to it, subscribing € 517,290.00. Subsequently, on 21 December 2020 the Shareholders' Meeting approved an additional capital increase for a total of € 6 million (nominal € 5,797,099, the rest share premium), to allow Fondazione Domani, Ferrovie dello Stato Italiane SpA, Fondazione Sardegna and SNAP SpA to join the shareholding structure. The transaction has not yet been definitively formalised.

ItaliaCamp Srl: On 29 July 2020, the Shareholders' Meeting resolved to increase the share capital from € 150,000.00 to € 154,640.00, to allow TIM SpA to join the shareholding structure, with the latter acquiring a stake equal to around 3% of capital.
As a consequence, the percentage stake held by Invitalia (which holds a stake equal to a nominal € 7,500.00) fell from 5% to 4.85%.

Disposals:

Trieste Navigando Srl: On 2 October 2020 the sale of the entire equity investment held by the parent company to the Chamber of Commerce of Trieste (CCIAA) was finalised.

Modomec Building Srl: On 16 December 2020, this equity investment was sold to Modomec Srl.

A.3 - Litigation

The parent company's involvement in litigation mainly consists of active civil law cases related to the compulsory collection of loans associated with the subsidy measures managed by the Agency itself.
As occurred the previous year, the parent company worked to recover amounts due, also pursuant to the Italian Ministry of Economy and Finance Decree published in the *OG* of 7 March 2008, which allows it to comply with obligation to collect receivables due from beneficiaries of the provision under Italian Legislative Decree 185/2000 through the Italian Revenue Agency - Collections, based on criteria of economy.
To date, there is a marginal degree of physiological labour law litigation that is appropriately evaluated among the provisions.

The following are the details of the more significant disputes:

AGENZIA DEL DEMANIO (Bagnoli) – The case was submitted by the parent company, opposing the estimate of Agenzia del Demanio regarding the value of the real estate previously owned by Bagnolifutura SpA in Liquidation (currently classified as bankrupt), whose ownership was transferred to Invitalia that is acting as the entity implementing the environmental restoration and urban regeneration programme in an area of significant national interest, in the Bagnoli-Coroglia

district, pursuant to and in accordance with Article 33, paragraph 12 of Italian Decree Law 133/2014.
The case aims at obtaining a reduction in the estimated value of the real estate transfer carried out by the Agenzia del Demanio with a note on 8 June 2017, amounting to € 80,570,000.00 and reduced to € 68,484,500.00 after Invitalia applied a 15% risk estimate, as established by the Agenzia del Demanio itself.
The following cases are currently pending with the Naples Appeals Court relative to the aforementioned estimate:

- case submitted for the bankruptcy of Bagnolifutura SpA, in Liquidation, aimed at recognising the greater appraisal value for the real estate transferred, up to € 275.6 million (case combined with that submitted by Invitalia);
- case submitted by Fintecna SpA in its asserted role as the effective owner of the transferred real estate, aimed at recognising the greater appraisal value of up to € 224.6 million (case combined with that submitted by Invitalia).

The appeals filed by the parent company, Bagnolifutura and Fintecna were grouped into a single proceeding. To that end, the court arranged for a technical expert to ascertain the value of the reclamation costs to be paid relative to the areas in consideration. After the term granted by the Court for completion of the technical expert's activity, based on the expert's request, the Court granted an extension for the appraisal work, setting the next hearing for 30 March 2021 for the filing and examination of the appraisal.

After the filing of the appraisal, Invitalia requested the full renewal of the appraisal report, as it was deemed null.

The Court of Appeals set the date of 4.11.2021 for discussion of the judgement.

For this ruling, which does not revolve around a dispute but rather the determination of value of the areas transferred to Invitalia under the law, the risk refers to the amount which must be paid by the Agency.

MED – The parent company presented an Extraordinary Appeal to the Head of State against the Department Decrees of 11 November 2016, 17 February 2017 and 31 May 2017, with which the MED opposed the distribution of the profits accrued by Infratel for the years 2013, 2014 and 2015 to Invitalia. Said opposition was also motivated by the presumed need to recalculate the sums payable to Infratel to cover operational requirements, based on the periodic reports referenced by the existing agreement for the expansion and distribution of broadband services. The value of the dispute is estimated at approximately € 6,000,000. In consideration of the complexity of the matter, the outcome of the proceedings is uncertain. Regardless, any decisions against the Agency would not have any consequences for the balance sheets of either the Agency or Infratel. On 5 September 2019, a preliminary investigation report was filed in the interest of the Agency. Action by the Council of State is awaited. Nonetheless, in the period after the start of the proceedings regarding the Extraordinary Appeals, solely with the aim of overcoming the disagreement regarding recognition of the profits achieved by the Company from activities other than those governed by the Programme Agreements, Infratel and Invitalia began a dialogue intended to adjust and add to the rules contained in the Programme Agreement of 20 October 2015. The dialogue resulted in the stipulation, on 24 September 2020, of a new Programme Agreement. Within this, article 12 governs proceeds deriving from Infratel activities in an even more explicit manner than previously, so as to overcome the ambiguities generated by the text found in the previously stipulated Programme

Agreement. Hence, the new Programme Agreement was established with the aim of clarifying and not changing the previous regulations regarding treatment of profit, with an eye to resolving the previous disputes that had arisen between the parties on this issue, and hopefully avoiding any new disputes. During 2021, dialogue was also begun with MED to correct the treatment of results from previous years, in line with the new Programme Agreement, consequently, the dispute might be considered to be on the path to resolution.

ISA/ISMEA - The company ISA Spa (now ISMEA) summoned the parent company before the Court of Rome requesting the determination of the plaintiff's right to a credit of approximately € 15.5 million from SECI Spa (now Eridiana Sadam Spa) and Finbieticola Spa, deriving from the sale of the shares of Zuccherificio Castiglionese Spa. The Court of Rome, with sentence No. 3465/15 of 29 January 2015, accepted the claimant's demand on concisely expressed grounds. The Agency - through delegated lawyers - has appealed to the Court of Appeal of Rome. There is a reasonable expectation of a favourable outcome, albeit the unknown nature of some interpretations of the special laws and the non - technical language of the regulations, given both the profiles of constitutional legitimacy and the assessment of the type of credit involved.
In December 2016, while awaiting the conclusion of the appeal, Invitalia agreed with the counterparty to deposit the sum of € 16.7 million in a joint account. The amount was transferred in early 2017.
It should be noted that should the case be lost, the liability, as envisaged by the law, would not have economic repercussions for the Agency and only equity consequences, therefore no risk provisions have been set aside for this purpose. The risk of a loss is estimated as possible and hence no provisions for risks were allocated. The hearing for specification of conclusions was set for the **hearing on 21 April 2021**. A decision is expected in the autumn of 2021.

FINANZIARIA TURISTICA - In the first quarter of 2013, the company Finanziaria Turistica Sri, as majority shareholder of Valtur SpA under extraordinary administration, sued the Agency, Italia Turismo SpA and Valtur SpA as jointly liable, requesting the ascertainment of pre-contractual, contractual and non-contractual responsibility in relation to the agreements negotiated and alleged non-performance breaches of the assumed obligations related to the acquisition of Valtur SpA assets. The amount of the claim is approximately € 117 million. In a ruling dated 17 April 2018, the Court declared the claims presented by Finanziaria Turistica Srl to be inadmissible and ordered it to pay court costs of € 175,000 in favour of each of the defendants, covering lawyer's compensation plus flat-rate reimbursement for general expenses, VAT and CPA as per terms of the law. The losing party has appealed and the Agency is responding to the case with the assistance of the same professionals involved in the first instance. The hearing for specification of conclusions was set for 26 February 2020 and the judge held the case for the decision. **In the meantime the 16 July 2020 decision of the Court of Appeals was issued, which confirmed the first level decision, ordering the claimant to pay court costs.**

AUTOSTRADE PER L'ITALIA:
The company Impresa SpA in its role as a contractor for works to extend the third lane on the Milan-Naples motorway factorised with Svi Finance the receivables due from the contracting entity Autostrade per l'Italia SpA.
Following a breach of Autostrade per l'Italia SpA with respects to payment obligations in favour of Svi Finance, the Agency, in its role as the company incorporating Svi Finance, issued an injunction through Court of Rome decree 28072/2015, for a total amount of € 1.3 million, plus fees and expenses.

Autostrade per l'Italia SpA defended itself against this injunction decree, involving the third-party entity Impresa SpA in the case in order to include the objections which could be raised by the contracting entity based on its main contractual relationship.
The Court of Rome accepted the defence's arguments and, consequently, revoked the injunction decree and ordered Invitalia to pay the expenses. Holding that the judgement was lamentable, especially with reference to the decrease of the receivable brought as justification, the Agency asked its attorneys to file an appeal with the Rome Court of Appeals. **The hearing for specification of conclusions is set for 7 May 2021.**

CERAMICA D'AGOSTINO:

The dispute originated with the revocation of government subsidies granted to Ceramica D'Agostino in 1985 by the MED, subsequently revoked in 1997.
The return of the subsidies was guaranteed through surety from Banca Commerciale Italiana, now Banca Intesa San Paolo, granted in favour of the MED and in the interest of Ceramica D'Agostino.
The Invitalia Group became involved following the merger by incorporation of Ceramica D'Agostino in Gamma Geri, and the latter in Invitalia Partecipazioni. The Agency is involved in the case based on a counter-surety of € 12,999,709.54 provided in favour of Banca Intesa San Paolo. The Ministry of Economic Development has enforced the sureties granted by Banca Intesa San Paolo. This latter saw to the payment on 21/09/2018, but has not yet activated the guarantee provided by Invitalia, possible due to the pending judgement pursuant to point 2 below. Additionally, the amount enforced includes interest unduly calculated in an amount much higher than the legal rate (with a difference of around € 5 million). This is due to judgement 15964 of 21.07.2010 issued by the Court of Rome made in the case opposing the collection notice, also with regards to the same Ministry. Judgement 16805/2005 of the Court of Rome ruled the exact opposite, stating there was no legal obligation for the greater amount, the undue withholding of which had already been disputed with the Ministry. At present, the amount that could possibly be owed in the case of an unsatisfactory conclusion to the dispute cannot be quantified. This is viewed as possible.

The dispute currently pending with regards to Invitalia can be outlined as follows:

1. Appeal case 909/2006 pending with the Rome Court of Appeals, suspended on 16.1.2008 and taken up again by the MED on 24.10.2018. This judgement, introduced by the former Sviluppo Italia relative to MED and Banca Intesa, has the aim of obtaining an order to not apply the decree revoking the subsidies in question and rejecting the repayment claims made by MED. The case was held for a decision after the specification of conclusions which occurred at the hearing on 11.11.2019. **A decision was issued[1] on 15 October 2020 which was not in favour of Invitalia and ordered it to pay expenses.**
2. First instance decision pending with the Court of Rome (RGN 41256/2015), introduced by Invitalia against Banca Intesa and relative to MED (third party involved in the case) with the goal of nullifying the surety provided by Invitalia relative to Banca Intesa, with a request to repay the Agency the fees accrued on the surety of € 354,008.40. At the last hearing on 7.2.2019, the case was set for decision, with the deadlines for submitting briefs and responses. With judgement 16547/2019 of 14 August 2019, the Court rejected the request for recovery introduced by the Agency, ordering it to pay legal expenses in favour of the defendants. The Agency authorised its attorneys to appeal the judgement. **Next hearing for specification of the appeal conclusions at the Court of Appeals is set for 19 June 2023.**

[1] With this decision, the Court of Appeals confirmed the decision of the Court of Rome, no. 16805/2005, which established: (i) the Ministry's right to restitution of the contribution in the case in question and (ii) relative to the interest receivable, declared that the interest were not due in the amount calculated pursuant to article 5 of the MICA Decree 374 of 31/07/1997, but rather in the lesser amount calculated by applying legal interest pursuant to article 1284 of the Civil Code.

With regards to the disputes cited above, to which the Agency is a party, no provisions for risks have been allocated, also in consideration of the fact that a revocation case is pending pursuant to article 395 of the CPC, containing R.G. 2157/2019 to which Invitalia Partecipazioni SpA is a party. This dispute, for which the specification of conclusions is set for 19.01.2022, with the aim of revoking judgement 3701/2017 with which the Rome Court of Appeals released the Ministry from the obligation of paying the residual amount of the contribution. If the request filed by Invitalia Partecipazioni SpA is granted, the decree revoking the contribution would no longer apply, meaning enforcement of the guarantee relative to Banca Intesa San Paolo would no longer be necessary, as the initial factor which gave rise to all of the disputes in question would no longer exist. In the light of new elements recently identified which can be represented at the hearing, which support the illegitimacy of the decree to revoke the contributions, the Company expects the case to be resolved successfully.

FINCALABRA
An appeal filed with the Court of Rome is pending, for compensation of damages deriving from contractual liability and damages to the company's image associated with the disposal of regional equity investments in regional companies held by Sviluppo Italia. The requested compensation amounts to around € 2.5 million and a hearing has been set for specification of conclusions in February 2021. In consideration of the subject of the judgement and of the complaints and arguments proposed both by the counterparty and by the Agency, it is not possible to predict the outcome of the judgement itself with certainty, but the risk of losing is considered possible. **At the haring for specification of conclusions on 2 February 2021, the judge held the case for the decision.**

MPS – DIAMANTE BLU
Banca Monte dei Paschi di Siena obtained a provisional enforcement injunction from the Civil Court of Cosenza relative to Invitalia, as the guarantor for a debt contracted by Diamante Blu Srl. The amount requested is around € 1.8 million.
The surety was granted in the past by Italia Navigando SpA. Subsequently, the parent company took over in its place.
The parent company has presented its arguments against the injunction and has involved the third party Marinedi Srl, introducing a counter-claim against this latter. **With a judgement published in September 2020, the Agency lost its case. It has complied with the ruling, paying the amount due. The Agency has also appealed the first level judgement. The proceedings are not expected to end before 2024.**

Disputes relative to the former Invitalia Aree Produttive (IAP SpA)

TESECO - The most important passive litigation refers to an agreement (with the Region of Sicily), wherein IAP contracted the emergency safety measures for the Thapsos coast of the Magnisi Peninsula to a temporary association established between Teseco SpA and Trevi SpA. In 2015, ATI sued IAP, demanding the ascertainment of: i) IAP responsibility for breach of contract, ii) termination of the contract pursuant to Article 1453 of the Italian Civil Code, iii) payment by IAP of approximately € 19 million plus revaluation and interest. The case was resolved favourably with a judgement issued on 23.1.2019, rejecting Teseco's demands and ordering Teseco to pay € 5.9 million plus interest to satisfaction, as well as court costs and accessory charges. TESECO appealed the first level ruling. **The upcoming hearings for conclusions and responses are scheduled for March/April 2021 and the judgement is expected to be received within the year.**

TESECO 2 - On 23 March 2018, Teseco Srl, in composition with creditors, on its own behalf and as the agent for the temporary consortia with Gesteco SpA, sued the Agency for recognition of the overall credit of around € 3.9 million as fees deriving from the public tender already issued by IAP to restore the former Nissometal industrial area located in Contrada Panuzzi in Agro di Nissoria – Enna. **The hearing for specification of conclusions was set for 21.12.2020 and then postponed to 22 September 2021**. It is not possible to estimate the risk of losing for the Agency.

TESECO 3: On 06.02.2019 Teseco served notice to Invitalia of an injunction of € 607,000 plus interest to be paid for delay in the payment of two invoices issued by Teseco for the restoration of the Smeb area in Messina.
Invitalia appealed the case with the Court of Pisa. The third party Region of Sicily has also been involved in the case. **The hearing for specification of conclusions has been set for 21 June 2021.**

DANECO
With an action before the Court of Rome, Daneco Impianti SpA, in its capacity as the agent of RTI with Ecosistem Srl, summoned Invitalia Attivita Produttive SpA, today Invitalia, and the company Unipol Sai Assicurazioni SpA. The claimant requested the ascertainment of the correct execution of the contractual obligations with reference to facts and events related to safety measures for the San Foca sports complex as well as the consequent illegitimacy of the IAP's withdrawal from the contract with letter dated 17 September 2015 and the consequent recognition of the illegitimacy of enforcing the surety policy issued to guarantee the tender. At present, the position can be fully assessed only following the outcome of the technical expert opinion requested by Invitalia and UnipolSai, in order to verify the correspondence or discrepancy between the works agreed and executed by RTI, Daneco's agent.
The claimant has also filed a compensation request for damages to reputation and curriculum, in addition to damages for lost profits and emergent damages whose value will be specified during the course of the proceedings. At the hearing of 7 March 2017 - to allow the request for a court technical expert opinion - the Court took up the case in reserve. Following the cancellation of the previous reserve, the judge set the hearing for specification of conclusions for 10 December 2019 and subsequently held the case for judgement. The judgement is expected to be issued in June/July 2021.
In consideration of the subject of the judgement and of the complaints and arguments proposed both by the counterparty and by the Agency, it is not possible to predict the outcome of the judgement itself with certainty, but a precautionary approach suggests it is appropriate to consider the chance of loss to be possible.
Below is a description of cases involving the subsidiaries.

Legal disputes – Infratel Italia

Legal disputes associated with contracted work

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

reasons, assuming a loss in the case, the relative costs should not be definitively incurred by Infratel Italia due to the indemnity granted by the contractors. The validity of this indemnity has been recognised in almost all cases up to this point, with the exception of a case resolved through a judgement of the Court of Caltanissetta which Infratel Italia, for this specific reason, has decided to appeal with the Caltanissetta Court of Appeals.
In the context of these proceedings, note two cases in which the guarantee provided by the contractors may not be in effect:
1) A case filed by the Municipality of Ripatransone relative to a request for compensation of € 260,000.00;
2) A case filed by the bankrupt company Vidoni, with Infratel Italia involved in the case by Anas, for a total amount of € 520,000.00.
In the first case, Infratel Italia was summoned by the Municipality of Ripatransone for compensation of damages deriving from the collapse of a road in December 2013.
Considering that this judgement was preceded by a preventive technical inspection, based on which the technical expert deemed the collapse solely attributable to the work contracted out by Infratel Italia, the fact that the relative IAP was not involved in the case as it is currently under extraordinary administration and that in any case a request was made to involve Groupama Ass.ni Spa in the case to be indemnified by the latter in the case of condemnation to provide compensation for damages and, finally, that this latter remains in absentia, the risk of a loss is held to be probable.
Note that in any case the hearing for specification of conclusions is set for February 2023.
In the second case, Infratel Italia is called upon for its relative portion together with 9 other managers of public services, regarding a delay in removing interferences:
in this dispute, the risk of a loss is classified as possible, also in line with the estimate of the legal firm which assists Infratel Italia.
Note that the bankrupt company Vidoni filed a request to renounce the case in November 2020 and hence the case will move forward only with regards to remaining portion of the IAP (35%), represented by the agent Consorzio Grecale, with the relative reduction in the compensation requested. Finally, for the sake of completeness, please recall that Infratel Italia was cited as being civilly liable in a criminal proceedings requesting compensation from a former works manager in the amount of € 6,000,000.00. Please see the report prepared by the Volo legal firm which is assisting Infratel Italia with the criminal proceedings, which classifies the risk of a loss as remote and notes that the amount of damages put forward by the other parties is not based on any identifiable criteria and not support by any documentation.

Administrative court disputes regarding calls for tender issued by Infratel

All of the numerous disputes regarding calls for tender issued by Infratel since 2005 have been resolved with judgements in favour of Infratel Italia. Starting in 2016, Infratel has carried out the following three restricted tender procedures based on the new model known as "concession":
a. Ultra-Broadband 1. Call for tender published in the Official Gazette of the Italian Republic, 5th Special Series - Public Contracts no. 63 of 03/06/2016, to award a concession to build, maintain and manage a publicly owned passive ultra-broadband network in the 'white areas" of the Regions of Abruzzo, Molise, Emilia-Romagna, Lombardy, Tuscany and Veneto;
b. Ultra-Broadband 2. Tender published in the Official Gazette of the Italian Republic, 5th Special Series - Public Contracts no. 91 of 8 August 2016, to award a concession to build, maintain and manage a publicly owned passive ultra-broadband network in the 'white areas" of the Regions of Piedmont, Valle D'Aosta, Liguria, the Autonomous Province of Trento, Marche, Umbria, Lazio, Campania, Basilicata, Sicily and Friuli-Venezia Giulia;
c. Ultra-Broadband 3. Tender published in the Official Gazette of the Italian Republic, 5th Special Series - no. 46 of 20-04-2018, to award a concession to build and manage passive ultra-broadband infrastructure in the "white areas" of the Regions of Calabria, Apulia and Sardinia.

The first two procedures were involved in a significant dispute, for the most part involving the dominant operator Telecom Italia. In these cases, the defence was entrusted to the Orrick legal firm, which was asked to produce a report regarding possible consequences and the risk of a loss. Below is the assessment made by the Orrick firm at the end of 2020.
The cases currently pending involve:
• 5 appeals pending with the Regional Administrative Court of Lazio, involving the provision to award the Open Fiber Concession for Lots 1, 2, 3, 4 and 5 (Ultra-Broadband 1).
There are no pending cases for Ultra-Broadband 2 or 3.
From a procedural point of view:
• The appeal judgements involving the admission provision for Open Fiber for Lots 1, 2, 3, 4 and 5 (Ultra-Broadband 1) were suspended on 19 October 2017 for a prejudicial transfer to the European Union Court of Justice, through ordinance no. 5621/2017 issued by the appeals court judge; • The same appeal cases filed by Telecom against the decision of the RAC of Lazio regarding admission were declared extinct as they were not taken up again after the judgement issued by the Court of Justice.
• The judgements the tenders awarded were suspended on 22 December 2017, and may move forward again as of the date on which the Council of State issues its definitive judgement on the basis of the decision made by the European Union Court of Justice.
During the year, another 4 appeals were filed with the Regional Administrative Court, summarised below:
Mynet against Agcom and Infratel and Open Fiber - Appeal filed with the Regional Administrative Court of Lazio R.G. 4639/2020 to annul the portion of Resolution AGCOM no. 97/20/CIR which establishes that the granting of effective access to the passive physical infrastructure of Open Fiber for Mynet, to allow the installation of its own fibre optic is subordinate to the positive completion of a preventive inspection, with a simultaneous negation of access, even if only for experimentation. JUDGEMENT STATUS - on 15 July 2020 the hearing to discuss the precautionary request occurred, which was rejected and Mynet was ordered to pay court costs.
Fastweb against Agcom and Open Fiber and Infratel - Appeal filed with the Regional Administrative Court of Lazio to annul a series of AGCOM resolutions regarding "Remodulation of the First Connection contribution for FTTH access lines in the white areas involved in the Concession". JUDGEMENT STATUS Infratel did not deem it expedient to appear in court.
AIRES and ANCRA against MED and Infratel - Regional Administrative Court appeal 8423/2020 to annul the Ministerial Decree "Voucher plan for low-income families", issued on 7 August 2020 by the Ministry of Economic Development, published in the Official Gazette of the Italian Republic, General Series, no. 243 of 1 October 2020. JUDGEMENT STATUS – With ordinance 7239 of 23.11.2020, the Lazio Regional Administrative Court rejected the precautionary demand.
SIT S.r.l. against Infratel and MED - Appeal filed with the Regional Administrative Court to annul the provision to "award the tender procedure pursuant to article 60 of Legislative Decree 50/2016 to assign, through a Framework Agreement, National Federated Infrastructure Information System (SINFI) data production services." JUDGEMENT STATUS – With ordinance 4850/2021, the Lazio Regional Administrative declared the appeal could not proceed.

Labour Law Disputes
With regards to labour law disputes, various cases have been filed by employees, two of which settled during the year. Considering the difficulties in forecasting the possibility of a loss, it was held appropriate to make an additional provision in the financial statements for the year for a total of € 120,000, also taking into account the opinion of the attorneys responsible for defending the Company.

Legal disputes – Mediocredito Centrale

The legal disputes for which specific provisions have been established refer to a labour law dispute and three disputes with customers. Also note that various tax disputes and disputes with customers, based on that established with contractual counterparties in the context of extraordinary operations (demergers, transfers of business units, termination of legal relationships en masse) completed between 1 July 2008 and 1 September 2010 with the companies in the UniCredit Group for the most part refer to these latter companies, even if the Bank may still result a party to the cases.
Finally, in relation to subsidies managed by the Bank on the account of public administrations, there are various disputes for which no provisioning has been made in that any losses would be the responsibility of the public administrations and hence the costs would be paid through the funds managed.

IRES notice of assessment for tax year 2008 – Mediocredito Centrale
In December 2011, following general audit carried out by the Tax Authorities relative to tax year 2008, the Bank received a Formal Notice of Assessment (FNA) which contested the deductibility of costs incurred in 2008, for a total of € 19.6 million, for transactions completed with regards to real and potential disputes with the Parmalat Group. In relation to this dispute, in response to observations sent by the Bank on 29 February 2012, no further Notice of Assessment has been received from the Tax Authorities. The cited FNA also indicated another finding for a taxable value of € 16.2 million for the Bank, pursuant to article 37 bis of Presidential Decree 600/73, relative to a reorganisation of the credit collection sector, achieved through the disposal of non-performing positions in the factoring and loans business unit by the Bank and other companies in the UniCredit Group, in favour of a subsidiary of the then-parent company UniCredit S.p.A.
After the FNA, the Lazio Regional Office of the Tax Authorities in 2012 disputed, relative to the Bank and UniCredit S.p.A., pursuant to article 37 bis, the deduction of losses incurred in the operation to dispose of these non-performing positions. The appeal filed against this document by UniCredit S.p.A. and the Bank was granted by the Rome Provincial Tax Commission on 2 October 2014. In May 2015 the Tax Authorities appealed this decision. The hearing was held on 10 May 2016 and the judgement was filed on 13 June with the same result seen at the first level. On 13 January 2017 the Tax Authorities filed an appeal with the Court of Cassation. UniCredit, as the consolidating entity, presented a request for facilitated settlement pursuant to article 6 of Decree Law 119 of 23 October 2018 for the case originally filed by that bank together with MCC, as well as a request to suspend the aforementioned judgement until 31 December 2020, formulated pursuant to paragraph 10 of the aforementioned article 6. Based on that established under paragraph 12 of the aforementioned article 6 of Decree Law 119 of 23 October 2018, the Tax Authorities should have given notice by 31 July 2020 of their decision to deny facilitated settlement, if relevant. At present no such notice has been received and hence the facilitated settlement procedure must be considered to have been successfully completed.
To that end, it should be recalled that these charges, obligations and liability refer to the Corporate Business Unit which was demerged to UCCB SpA (now UniCredit Spa) on 1 September 2010 and, therefore, fall exclusively under the responsibility of the then-parent company UniCredit S.p.A.

At present there are no other disputes that involve any risks not covered.

B - GROUP ACTIVITIES DURING 2020

B.1 - Support for business development

During 2020, the parent company, through the Innovation Incentives Business Unit, further strengthened its role as a multiplier of resources that support the productive system, in particular in the regions of southern Italy, achieving the following results:

	Initiatives financed	Investments (€/000)	Subsidies (€/000)	Newly employed
Italy	**3,349**	**1,363,479**	**610,227**	**32,427**
Southern Italy	**3,012**	**560,486**	**315,740**	**14,621**

Of which:

	Initiatives financed	Investments (€/000)	Subsidies (€/000)	Newly employed
Business Creation (Smart & Start Italy, NITO, Selfie, Remain in the South, Create Culture)	**3,308**	**429,979**	**204,927**	**13,092**
Large Investments and Competitive Strengthening (Tender Identification Code (CDS) L.181)	**41**	**933,500**	**405,300**	**19,335**

The flow of requests for Development Contracts remains high. This is a tool which has become important in local industrial policies and development. Published in the *Official Gazette* 107 of 24 April 2020, the Italian Ministry of Economic Development Directive of 15 April 2020 establishes that the € 600 million allocated in the Cure Italy Decree for Development Contracts must be used to finance strategic and innovative programmes in the territorial areas, prioritising investments to produce healthcare devices and biomedical material to be used to deal with the emergency caused by COVID-19.
Resources destined for the subsidised tool of Development Contracts and for Programme Agreements are divided as follows:

- € **300 million** for requests presented before the date of the directive.

- € **100 million** for new requests presented after the date of the directive, involving development programmes for environmental production or development programmes with significant environmental impacts involving the technological transformation of productions or production process to increase environmental sustainability, also with an eye to the circular economy.

- € **200 million** for new requests presented after the date of the present directive, involving development programmes for the biomedical and remote medicine sectors, particularly with reference to those strengthening the national system to produce medical equipment and devices, as well as technologies and services intended to prevent health emergencies.

The directive also establishes that this division of funds may be revised based on the trend in demands coming from beneficiary companies and the use of resources allocated, or based on any new priorities for action that may arise.

Additionally, the Development Contracts were involved in two important amendments introduced in the budget law:

1. investments in tourism can be carried out with a minimum amount that is lower than the "classic" € 20 million, provided the investment is located in one of the municipalities in an "Internal Area", or if the proposed investment makes use of unused facilities;
2. for projects which transform agricultural products, the execution of tourism hospitality projects is allowed in correlation with a food/agricultural investment to encourage the integration of food production and experiential tourism.

The MED directive which will make these two amendments operational will be issued soon.

During 2020, the parent company further extended its range of tools and services dedicated to innovation and to strengthening the competitiveness of companies.

Two new subsidy tools, that are particularly important, which focus on innovation and sustainability were activated during the year. The first, known as Digital Transformation, is intended to encourage technological and digital transformation projects for production processes in micro, small and medium enterprises in Italy, operating in the manufacturing sector and/or providing services directly to manufacturing companies, as well as in the tourism sector for companies digitalising the use of cultural assets and the commerce sector.

The second, known as Circular Economy, supports research, development and experimentation of innovative solutions to efficiently and sustainably make use of resources, with the goal of promoting the conversion of production assets towards a circular economy model in which the value of products, materials and resources is maintained as long as possible and the production of waste is reduced to a minimum.

In addition to the tradition mix of financial aid, granted on the basis of legislation and administrative provisions, the Business Unit continued with training and assistance for measures aimed at new businesses, intensifying and refining this work, in particular through the supply of tutoring, mentoring and networking services.

In particular, the network of accelerators and incubators known as the "Invitalia Start-up System", promoted by Invitalia, has grown and now includes additional notable entities such as the Regional Development Agencies and associations of Business Angels and Venture Capitalists who have helped to generate more and increasingly relevant requests, not just for Smart&Start Italia, but also for other measures in the Agency's portfolio, such as Cultura Crea, Remain in the South and New Interest-free Companies. Currently there are 60 entities in the network.

Again in relation to accompaniment and support processes for the growth of start-ups, especially innovative ones, the activities of Scaleup Program Invitalia Network (SPIN) continued. This is a training program, carried out in cooperation with ELITE/Borsa Italiana Group, dedicated to the entrepreneurial development of innovative SMEs, start-ups and university spin-offs, focussed on growth, open innovation and funding for selected initiatives. After two successful calls carried out in 2019, in 2020 a third call was launched and phase 2 of the programme began.

In addition, the BRAVO Innovation Hub was created in Brindisi, Invitalia's first business accelerator. The first activity was a reserved call for companies in the tourism/cultural sector. The first 10 companies were selected and as of January 2021 they will participate in a Tourism and Culture vertical acceleration programme.

Activities dedicated to helping develop start-ups in the tourism sector continued, carried out through the FactorYmpresa Turismo. During 2020, a new edition was carried out which saw the participation of 334 candidates, with 20 projects selected and 10 initiatives receiving awards.

Additionally, the parent company added another two tools useful for developing and supporting Italian businesses. These are the Grow in the South Fund and the Fund to Protect Employment and Maintain Businesses.

The first fund was established to support competitiveness and growth for small and medium enterprises in southern Italy, through capital investments. The fund has financial resources totalling € 150 million and is intended to operate for twelve years, investing in the capital of target SME together with independent private investors identified by Invitalia through an open and transparent procedure, with equal conditions applied to both the Fund and the independent investors.

The second fund serves to protect employment by relaunching companies which own historic brands operating in strategic sectors and/or with more than 250 employees, currently suffering economic or financial difficulties. The tool can be applied in the context of businesses crises as a financial manoeuvre, also with regards to restoration plans, debt restructuring agreements and compositions with creditors. A meeting with the Ministry of Economic Development's structure for business crises is necessary to access the Fund.

For information on the activities carried out in 2020 relative to specific measures, please see "Annexes to the Directors' Report on Operations" (Activities to Support Business Development).

With reference to the subsidiary BDM-MCC, during 2020 lending activities were also developed thanks to the COVID emergency measures called for in the Cure Italy Decree, as well as in the subsequent Liquidity Decree, leading to a +68.6% in the number of operations accepted with respect to 2019 and an +87.8% increase in terms of the amount financed with respect to 2019.

More specifically, the increase in operations involving SME rose by +232.5% in terms of the number of operations approved and by +258.3% in terms of amount financed. These were also supported through the subscription of minibonds, especially in the southern Regions, as well as factoring.

Commercial activities mainly focussed on small and medium enterprises, in line with the second level bank model followed by BDM-MCC, with loans also developed in synergy with other players, to support entrepreneurs impacted by the COVID-19 emergency.
Specific initiatives were activated synergistically and in line with public projects to support businesses:

- the #CuraItalia campaign was carried out in synergy with the sole shareholder, by issuing a product complementing Invitalia's offerings, to support projects to produce personal protective equipment;
- adhesion to the ABI - SACE agreement for distribution of financing supported by the SACE Italy Guarantee;
- the creation of a new product for SME, pursuant to letter M of article 13, Decree Law 23, converted with Law 40 of 5 June 2020, distributed through the Poste Italiane network;
- the Innovative Machinery initiative, another project carried out in synergy with the Shareholder and consistent with public projects to support businesses;
- the signing of a specific mandate with CDP to take part in the Sustainable Growth Fund project for research and development projects in the context of the "Circular Economy"

notice, activated with the Decree of 11 June 2020 and managed by Invitalia on the account of MED.

Consistent with the guidelines contained in the Bank's business plan, commercial actions to support domestic businesses were developed, using the Basket Bond tool. In particular, the following were subscribed:

- five ABS slots relative to issues of minibonds under the Campania Guarantee Bond initiative, for a total of € 48.725 million, 50% of the total amount issued;
- two ABS slots relative to issues of minibonds under the Puglia Basket Bond initiative, for a total of € 24.625 million, 50% of the second issue after the portion retained by UniCredit S.p.A. (€ 49.250 million);
- As a whole, as the Basket Bond investor Mediocredito Centrale invested a total of € 73.35 million in favour of 71 SME in the South during the year.
- With the "Basket Bond for SME in Campania" initiative, MCC also supported SME during the structuring process, serving as the Arranger through an RTI with the bank Finint S.p.A.

Additionally, in 2020, as part of BDM-MCC's management of the SME Guarantee Fund (hereafter, the "Fund"), exceptional growth in Fund operations was seen due to measures implemented to deal with the emergency. Requests received totalled 1,621,015 (+1,190.2% with respect to 2019), while operations granted Fund guarantees totalled 1,585,344 (+1,168.7% with respect to 2019) for total volume of financing of around € 124.4 billion (+543.8% with respect to 2019) and a guaranteed amount of € 105.9 billion (+696.0% with respect to 2019).

In 2020, resources were deposited for the Fund for a total of around € 7,614.3 million. Of this, note in particular:

- 1,430 million relative to Decree Law 18 of 18 March 2020, "Cure Italy Decree", published in the *Official Gazette* 110 of 29 April 2020;
- 1,729 million relative to Decree Law 23 of 08 April 2020, "Liquidity Decree", published in the *Official Gazette* 94 of 8 April 2020;
- 3,950 million relative to Decree Law 34 of 19 May 2020, "Relaunch Decree", published in the *Official Gazette* 128 of 19 May 2020;

Pursuant to that established under paragraph 2, article 31 of Decree Law 34 of 19 May 2020 (Relaunch Decree), coordinated with Conversion Law 77 of 17 July 2020, 11,835.0 million was allocated, as to guarantee greater efficiency in managing the resources of the Fund, the Decree establishes that the amounts provided be adequate to the time profile of expected losses and that commitments can also be made with regards to authorising multi-year expenses in the government's budget, as in

- paragraph 1, article 64 of Decree Law 104 of 14 August 2020 (August Decree), calling for an allocation of 7,335.0 million, of which 3,100 million for the year 2023, 2,635 million for 2024 and 1,600 million for 2025;
- paragraph 246, article 1 of Law 178 of 30 December 2020, the government's forecast budget for financial year 2021, established an allocation of 4,500.0 million, of which 500.0 million for 2022, 1,000 million for 2023, 1,500 million for 2024, 1,000 million for 2025 and 500 million for 2026.

Additionally, the Bank continued to manage various incentives and subsidised finance tools on the account of the government and certain Regions, with the main one being by the Sustainable Growth Fund, managed by MCC on the account of the Ministry of Economic Development (MED), as the leader of an RTI consisting of 7 banks and the National Research Council. The Fund supports investments in R&D and co-finances using E&C NOP 2014-2020 resources.

During 2020, the RTI continued to evaluate and MED continued to issue decrees regarding projects presented under the various notices issued by the Administration starting in 2014: Digital Agenda and Sustainable Industry (FRI), Horizon 2020 NOP, Innovation Agreements and Framework Agreements, NOP Large Projects, Agrifood Help Desk and Intelligent Factory. With reference to the last notice, with a decree of 20/12/2019, published in the Official Gazette 55 of 4/3/2020, MED allocated an additional € 102.7 million, bringing the financial resources for implementing the subsidy tool pursuant to Chapter III of the Ministerial Decree of 5/3/2018 to a total of € 514.4 million. Consequently, MED's General Directorate for Enterprise Incentives informed the RTI on 26/2/2020 of the full progression of the relative ranking lists.

With reference to the notices cited, in 2020 concession decrees were issued for 250 projects, representing a total of 1,081,495 million in eligible investments and 562,209 million in subsidies granted.
Preliminary assessment of proposed projects for Innovation Agreements for research and development projects continued in 2020 (Ministerial Decree 24/5/2017, Ministerial Decree 5/3/2018 – Chapter II, Ministerial Decree 2/8/2019 and Ministerial Decree 2/3/2018).

Disbursement activities were fully operational for the following notices issued by the administration: Horizon 2020, Digital Agenda and Sustainable Industry, Horizon 2020 NOP, NOP Large Products, Framework Agreements, Innovation Agreements, Digital Agenda and Sustainable Industry (FRI), Euro Trans Bio Tenders and rolling notices pursuant to Ministerial Decree 5/3/2018 (Agrifood and Intelligent Factory). Disbursements made in 2020 involved 707 projects, with total financing and contributions amounting to € 232.9 million.

With reference to the Make Lazio regional subsidy, 41,997 requests were received for the Lazio Region to activate a new section of the Rotating Small Loan Fund to offer interest-free loans to companies affected by the COVID-19 epidemic to cover liquidity requirements, known as "COVID-19 emergency - Financing MSME Liquidity".

B.2 – Public Investments - Acceleration and management of development and cohesion programmes and projects

The delays seen in the implementation of development and cohesion policy projects are worrying.
In certain sectors, such as the environment, water and waste, the situation is a serious problem. In fact, in the face of delays in implementing already financed projects, for the most part with EU funds and hence at risk of definancing, there are numerous EU infraction procedures in progress, with significant impacts of public finance.

Today, the relaunching of public investments is not just necessary in Italy but also and above all, in the European Union, which has structured and financed an important additional investment and reform plan, to support the economic recovery after the pandemic.

In coming months, central and regional governments will be simultaneously involved in implementing the public investments financed by the PNRR, for the new 2021-2027 programme, and in implementing previous cycles of domestic and European programmes, not to mention ordinary funds. Compliance with the deadlines established for the relevant commitments is the condition for actually being able to make use of these funds.

In order to deal with this massive investment programme, it is necessary to strengthen human capital within public administration as a whole, but especially by making more use of national skill centres.

In this framework, the parent company can serve as an additional resource in implementation of projects, working directly or supporting institutions involved in the execution of investments in sectors and areas in which it has significant competence and experience, gained over the last several years.

More specifically, the regulatory and governance framework that governs cohesion policies makes it possible to immediately activate Invitalia as an **acceleration lane**, able to support central and local administrations throughout all the phases involved in the investments.

Its experience with Institutional Development Contracts (IDS) is significant. After the initial phase, these now represent a very important tool for cohesion policies.

The operating model Invitalia has perfected for Public Investments has a number of strengths, including:

- reduction of administrative burdens and workloads for affected administrations;
- standardisation of selection and awarding procedures for projects, also with the use of Framework Agreements to identify economic operators;
- commitment of resources within deadlines while simultaneously ensuring transparency and legality are monitored;
- prompt implementation of any regulatory updates introduced in the PNRR;
- digitalisation of the process, through the use of the Public Investments Platform;
- more effective technical assistance methods, that allow the use of targeted support to accelerate all the stages in the investment cycle.

In 2020, the parent company has become even more qualified as a specialist structure that can serve as a reference for Public Investments for administrations and has developed specific skills relative to public investment **Program Management**, supporting central and local administrations:

- with all activities regarding scheduling of measures and projects, in complying with research requirements for the assignment of resources and in implementing tasks and institutional roles associated with the management and execution of EU and national programmes;
- with sector and regional planning processes, providing support with analysis of the current situation (prefeasibility, feasibility, context analysis, etc.) and definition of objectives and formulation of development strategies, through to implementation planning and the definitive project;
- with defining and disseminating organisational models and forms of governance that involve the various levels of institutional organisations;
- with the start-up of strategic projects, either directly or through specific procedures to assign all activities relative to project design (surveys, studies, services conference, inspections);
- with carrying out the projects, serving as the Central Procurement Authority, on the account of the Contracting Authority and/or Special Government Commissioners or as the executive body; it also ensures inter-institutional coordination and administrative support, as well as monitoring of project progress, inspections and spending control.

Additionally, as the beneficiary of the complementary Cohesion Action Programme (CAP) for the Governance and Institutional Capacity NOP 2014-2020, the parent company has designed and created a platform to accelerate public investments, in line with the most recent guidelines issued by ANAC in terms of digitalising tender awarding procedures.

In 2020, the reorganisation of the process was begun and completed, helping it to better define and strengthen its mission and identity. This progress was further confirmed by the notable results achieved during the year. In just 2020, Public Investments handled a total of 201 tender procedures for a value exceeding € 1.5 billion.

Public Investments further strengthened its collaboration with administration entities with which it already had relationships (e.g. the Ministry of the Interior, the Ministry of Culture) and with the Special Commissioners.
It also strengthened its role as the entity qualified to implement Institutional Development Contracts (IDCs), as well as serving as the main actor in governing the process of defining these contracts. More specifically, between the end of 2020 and the beginning of 2021, the following IDCs were signed: Naples Old Town, Palermo Old Town and Cosenza Old Town.

In 2021, Public Investments will become a structural partner for central and regional public administrations in implementing projects already financed through the 2014-2020 programme cycle, as well as for public investments financed by the PNNR and the new 2021-2027 programmes.

For details on activities carried out in 2020 with regards to individual contracts, please see the annex to the financial statements "Activities for contracts managed" (Public investment support for public administrations).

CENTRAL PROCUREMENT AUTHORITY SERVICES

The Current Public Contracts Code, issued with Italian Legislative Decree No. 50 of 18 April 2016 establishes under article 38 INVITALIA's right to be registered on the list created by the National Anti-Corruption Authority (hereafter, "ANAC") of qualified contracting authorities, which also includes central procurement authorities.

Since 2012 the parent company has acted as a central procurement authority, above all for the assignment of technical work and services. Article 55-bis of Decree Law 1 of 24 January 2012, containing "*Urgent provisions for competition, development of infrastructure and competitiveness*", converted with amendments by article 1 of Law 27 of 24 March 2012, recognised central procurement authority functions, in favour of the relative administrations, in order to accelerate the implementation of projects of strategic importance for cohesion and economic growth.
To that end, recall that with Resolution 484 of 30 May 2018, ANAC registered all central procurement authorities and the Cohesion Agency on the list of central procurement authorities of entities awarding tenders with regards to the parent company, as its own in house company, pursuant to article 192 of the Public Procurement Code.
It should be noted that all procurement tenders were handled by Invitalia using an online-procurement solution (e-Procurement Platform accessible at https://gareappalti.invitalia.it/), thus achieving greater efficiency, safety and transparency compared to traditional procedures.
Compared to the overall results achieved, the Parent Company, by virtue of its role as Central Procurement and Contracting Authority, contributes to accelerating the implementation of strategic interventions for territorial cohesion and economic growth and improving the quality of the interventions themselves, in particular those financed with national and EU funds.

Also in 2020, the Central Procurement Authority Services issued tenders on the account of an ever wider group of entities awarding tenders.

Additionally, in 2020 Central Procurement Authority Services monitored tender procedures for the purchase of goods and services for the parent company.
Further, in 2020 the Central Procurement Authority Services supported the Special Commissioner for the Implementation and Coordination of Measures to Contain and Counter the COVID-19 Epidemiological Emergency in the relative tender procedures.
Starting in April 2020, the parent company also began to provide support to the head of the Department of Civil Liberties and Immigration, appointed by the head of the Civil Protection Department, based on Decree 1287 of 12 April 2020, as *"the executive body for emergency services associated with assistance and health monitoring of migrants aided at sea or reaching Italian territory after autonomous disembarkation in the context of the emergency associated with health risks connected to the insurgence of pathologies deriving from contagious viral agents".*

Relative to the details of tender procedures managed by the Agency in 2020, please see the annex to the financial statements "Activities for contracts managed".

B.3 - Environmental reclamation and urban regeneration of the Bagnoli-Coroglio district

The Environmental Restoration and Urban Regeneration Program (PRARU), presented by the Control Room on 5 April 2018 and the relative Environmental Report published on 5 June 2018 were submitted for the Strategic Environmental Assessment (VAS), which was completed in the first few months of 2019, with the issuing of Ministerial Decree no. 49 of 27/02/2019, jointly signed by the Italian Ministry of the Environment and the Ministry of Cultural Heritage and Activities.
In the PRARU, presented during the Control Room meeting of 11 March 2019, a definition is included of the intended usage of the land and urban parameters known as "urban excerpt", which constitutes the "qualifying condition".
On 14/06/2019 the Services Conference met and approved the Urban Excerpt of the PRARU, called by the Extraordinary Government Commissioner, downstream from which the decree to adopt the Urban Excerpt of the PRARU was issued by the Government Commissioner, followed by the relative Italian Presidential Decree approving the same (06/08/2019, published in *OG* 26 of 1/2/2020).
With the completion of the approval process for the Urban Excerpt, the urban planning variant to the area of significant national interest of Bagnoli Coroglio was approved, within which are included areas which had been transferred to the ownership of Invitalia, pursuant to article 33 of Italian Decree Law 133/2014 (converted with Law 164 of 11/11/2014).
With reference to the resources needed to finance the PRARU projects, on 3 March 2020 the Programme Agreement was signed by MATTM, the Government Commissioner and Invitalia, to implement safety and urban reclamation and restoration projects in the Bagnoli area, as well as projects involving the local integrated water service.
The resources assigned to the Programme Agreement total € 352.6 million from DCF funds, as well as € 34.6 million coming from other funds available to the Commissioner.
Additionally, on 7 July 2020 a New Convention was signed to regulate the relationship between the Special Commissioner and Invitalia for the execution of the tasks and functions assigned to the Executive Body, pursuant to article 33 of Decree Law 133/2014, as amended, and Prime Ministerial Decree 15/10/2015.
At the beginning of 2020, the area to be filled and the aquifer safety system were released from seizure. Formal return of these to the bodies of the maritime administration and subsequent handover to the parent company is under way.

For more details on reclamation activities and administrative procedures managed by the Agency in 2020, please see the annex to the financial statements "Activities for contracts managed".

B.4 - Support to Public Administrations for Operating Programmes

The parent company, through the **Operating Programmes Business Unit (OP BU)**, works to support central and regional administrations in implementing programmes co-financed by the European Union and domestic programmes with the objective of:

- supporting administrations to define and manage domestic and EU development programmes and complex projects, to ensure effective use of financial resources;
- strengthening administrative capacity with human resources and tools, as well as offering innovative solutions to manage administrative processes and subsidised measures, by simplifying processes and digitalising procedures.

These activities are carried out in close cooperation with the client institutions, with which the OP BU works as a partner to strengthen the public administration project, offering professional skill in all the stages of financial resource planning and utilisation, including: definition of the strategy and financial plans, preparation of schedules, design and implementation of projects, monitoring, supervision of progress, spending control and certification, evaluation, implementation of IT solutions, implementation of projects to support rebuilding.
During 2020, existing collaborations were strengthened and new ones were developed to support various administrations, including: Ministry of Economic Development, Ministry of the Interior, Ministry of Health, Ministry of Labour and Social Policies, Ministry of the Ecological Transition, Ministry of Universities and Research, Department for Economic Policy and Programming and Coordination and the Ministry of Infrastructure and Sustainable Mobility.

Support provided included the following operating areas, relative to which the activities carried out to support various public clients are specified:

1. **Technical Assistance;**
2. **Digital Administration and P.A. Modernisation;**
3. **Reconstruction Projects.**

1. TECHNICAL ASSISTANCE (TA)

The OP BU guarantees necessary support for proper and effective implementation of programmes financed with EU and domestic structural funds. In particular, the structure develops and manages the following technical assistance activities for administrations and entities:

- analysis, preparation and assessment of programming documents and negotiation of the same;
- definition and implementation of the management tools needed to effectively carry out projects and ensure proper use of funds;
- administrative and accounting closure of completed projects;
- spending control and certification;
- progress monitoring and supervision;
- verification of compatibility and consistency with EU regulations and policies.

Ministry of Economic Development (MED)

a) MED - GDEI to implement of the **National Operating Plan Businesses and Competitiveness 2014-2020 (IC NOP)**, to coordinate, manage, monitor and supervise projects to support research, investment and credit access for companies;
b) MED - GDEI to schedule, manage, implement, monitor, certify, evaluate and supervise projects included in the **DCF Businesses and Competitiveness Operating Plan 2014-2020 (IC DCF OP)**;
c) MED - GDEI to implement the **Complementary Operating Programme Businesses and Competitiveness (IC NOP)**, to allow for effective use of resources in response to requirements deriving from reprogramming of the IC NOP;
d) MED - GDEI to manage the **IPCEI Microelectronics Fund**, pursuant to article 1, paragraph 203 of Law 145 of 2018, to provide funds to companies helping to execute the Important Project of Common European Interest;
e) MED - GDEI to provide administrative management and monitoring of **entrepreneurial and infrastructure projects** financed under Regional Agreements and Area Contracts;
f) MED - GDEI to manage an **Operating Plan to Attract Investments** with the objective of regional convergence (Basilicata, Calabria, Campania, Apulia and Sicily).
g) MED - Patent Office DGTPI to develop a plan of projects to support policies to **combat counterfeiting**, with the aim of strengthening and accelerating administrative/accounting and judicial/legislative processes;
h) MED - DGMCTCNT to implement activities to **promote consumer rights and opportunities** granted by domestic and European legislation and ensure continuity in the execution of a program to disseminate and strengthen balanced negotiations;
i) MED - DGAECE (formalisation of the transfer to MET is still awaited) to **support the Intermediate Entity for the IC NOP** to manage relevant activities;
j) MED - DGAECE (formalisation of the transfer to MET is still awaited) to schedule, manage, implement, monitor, certify and supervise projects under the **Complementary Operating Programme Regional Energy and Development 2014-2020**, to guarantee complementary actions with respect to the energy portion of the IC NOP.

INAIL

a) management of the "**Safe Company**" measure, established under article 43, paragraph 1 of Decree Law 18/2020, to support the continuity of business production processes while ensuring safety, following the COVID-19 health emergency, by reimbursing purchases of devices and other personal protective equipment made by companies.

Ministry of Health (MOH)

a) implementation of the **Health Operating Plan** which involves cross-sectional activities to manage, monitor and provide accounting for the Plan;
b) implementation of the **project** financed through the **GOV NOP 14- 20** Programme, known as "**Supporting the challenge of chronic disease with the help of ICT**";
c) implementation of the **"Dissemination and communication" project line**, especially with reference to the designing the visual appearance and digital content to be presented through the Ministry's website, as well as event organisation and management.

Ministry of the Ecological Transition (MET, formerly MAATM)

a) MET - DGSuA to schedule, manage and implement the **DCF Environment Operating Plan 2014-2020** "Projects to protect land and water", with the priority "Mitigating Hydrogeological Risk";
b) MET – DGCreSS for information security and provision of services offered through the **Environmental Assessment Portal** that makes data and all documentation accompanying requests regarding environmental assessment and authorisation procedures available in real time;
c) MET – DGRIA for **asbestos reclamation** through activities to update the portal (http://www.amiantopa.minambiente.it) and the area reserved for presentation of preliminary and definitive reclamation projects.

Ministry of the Interior (MOI)

a) to carry out the **project** "**Support to Integrated Border and Migration Management in Libya – First Phase**", implementing the Delegation Agreement of 15/12/2017, cofinanced by the EU as part of the "Trust Fund For Africa";
b) to carry out **1st level controls** on the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF), as well as the **Legality NOP 2014 -2020**.

Ministry of Labour and Social Policy (MLSP) and National Association of Italian Municipalities (ANCI)

a) to carry out **1st level controls** on operations financed under the Inclusion NOP and the **I FEAD OP 2014-2020**;
b) to create, in cooperation with ANCI, a **unified portal to provide organic management of social services**, in line with the objectives of the Inclusion NOP;
c) to implement the executive deed (under the Framework Agreement signed by ANCI and Invitalia on 14 February 2020), for management of the **SGAte platform** - the management system for energy rate subsidies, water bonus and waste bonus.

Ministry of Infrastructure and Sustainable Mobility (MISM)

a) to implement the **Cohesion Action Plan 2007-2013 (CAP)** "Protect Projects", which calls for the execution of 31 major transport infrastructure projects.

Ministry of University and Research (MUR)

a) to carry out **1st level controls** on projects falling under the 12 specialisation areas identified in the **PNR 2015-2020**, financed under the Research and Innovation NOP 2014-2020" ("Checks ARS 12 areas").

2. DIGITAL ADMINISTRATION AND MODERNISATION OF THE COUNTRY

The OP BU works with central and regional administrations to strengthen administrative capacities by simplifying processes and digitalising procedures.

a) MED - DGIAI to grant subsidies in **Urban Export Processing Zones (UEPZ)**, by creating entirely automated research stages, ensuring compatibility with third party systems for checks and necessary administrative controls such as the Register of Companies, NAR and the CUP system;

b) MED - DGSCERP to strengthen the administrative and technical capabilities of the Public Administrations involved in the implementation of the **NUE 112** and related multilevel governance processes;
c) MED - DGAT to **monitor** the **radioelectric spectrum** pursuant to CIPE resolution 83/2018, published in the GURI of 3/05/2019, 102, financed under the Investment Plan for the Extension of Ultra-Broadband DCF 2014-2020.
d) MED - DGIAI to develop and manage the **National Aid Register**, meeting the need to supply every country with an effective tool to verify proper disbursement of subsidies to companies in compliance with EU regulations;
e) MED - DGSCRP for citizen **communication and information** activities regarding the steps required to handle the **switch to DVBT2 technology** for transmission of TV programming;
f) PCM for the Department of Economic Policy Scheduling and Coordination to monitor public investments through a **national CUP system**.

3. RECONSTRUCTION PROJECTS

- **Emilia-Romagna Earthquake** In 2020, the role of Invitalia was confirmed in supporting the Delegate Commissioner in activities pertaining to the preliminary preparation phases for the granting and liquidating of contributions and monitoring the implementation of interventions;
- **Post-earthquake reconstruction projects in Central Italy.** In 2020 activities continued relative to the Agreement signed in 2016. After appointment of the new Commissioner (February 2020), the Agency was also asked to provide Due Diligence, providing a general overview of the projects called for under Decree Law 189/2016;
- **INAIL 2016 Earthquake Notice.** Article 23 of Decree Law 189 of 2016 transfers € 30 million to the reconstruction fund, coming from INAIL, to support workplace health and safety investment and training projects for companies located in municipalities in the earthquake crater;
- **Post-earthquake Ischia reconstruction projects.** In 2019 an agreement was signed with the Special Commissioner for Reconstruction of the areas of Ischia Affected by the Earthquake of 21 August 2017, which entrusts Invitalia with technical and specialist assistance to support the Commissioner with their assigned responsibilities;
- **Post-earthquake reconstruction projects in the Etnea area.** This agreement, which expires in December 2021, establishes that Invitalia provides technical and specialised assistance to support the Commissioner with the responsibilities assigned to them under Decree Law 32/2019, converted with amendments by Law 55/2019.

For more information on activities carried out in 2020 relative to specific contracts, please see the Annexes to the annual financial statements.

B.5 – Financial management

The year 2020 will be remembered as the one when the pandemic began. The effects of the two waves of the pandemic in the spring and fall were immense. Above all during the first wave in the spring the strength of the shock was massive and the proof of this can be seen in the anomalous positive correlation between the price of oil and gold, both of which dramatically fell, with the latter losing its traditional role as a safe haven asset.

Global GDP fell by 3.5%, while Europe lost around 7 points of growth and the US another 3.5%, while China was the only country with a positive growth margin (+2.3%). At the beginning of 2021, expectations regarding the recovery were still linked to the schedule and efficacy of vaccine plans in progress. Countries, which had already implemented heavily expansive monetary policies during the previous year to support still fragile growth and the combat recessionary effects deriving from global geopolitical tensions, found themselves facing a crisis that was unexpected as it was serious.

The effects on the stock markets of the major countries were consequently dramatic during the spring. In subsequent months, based on improved expectations regarding the fight against the pandemic, but above thanks to the almost unlimited liquidity injected into financial systems, stock markets more than recovered the ground last, with the US and China seeing new maximums, and Europe finally returning to pre-crisis levels. However, in reality this was a year of non-growth under conditions that were vastly different from those recorded on 1 January 2020: public debt up sharply (in Italy more than 30 percentage points relative to GDP), notable imbalances between incoming and outgoing amounts financed through the deficit, as well as a more general and substantial change in consumer attitudes which have increase not just social inequality but also commercial. In fact, certain economic sectors over performed (media/entertainment, pharmaceuticals, delivery services) while more traditional sectors, which historically have offered more employment, suffered immense difficulties and declines, to the extent that permanent unemployment funds were made use of for more than 12 consecutive months. The question that all economists are asking is whether these changes will be absorbed over time or whether they will become stable, creating new and different opportunities. In this view, we can think of remote work becoming a permanent option, already included in the new national collective labour contracts and of its consequences on all the areas that revolve around the transportation, movement and time spent by workers at company offices.

In a strictly financial sense, the support measures implemented for economies, both monetary and fiscal, have multiplied and are producing immediate downward effects on interest rate curves.

Euro monetary rates have fallen below zero for all maturities, including the longest, and the same trend has been seen in returns on government securities, with the curve for Italian BTPs at below zero for all maturities of less than 5 years. At the same time, the effects of rarity suffered by bonds coming from the major European issues, needed for ECB refinancing operations, have rendered returns quite low and inappropriate relative to the underlying credit risk.

In this situation, the financial management of Invitalia's liquid assets, already focussed on prudence, has further reduced marginal volatility factors in line with the situation outlined above. Although remuneration of current accounts and investments in government securities is essentially zero, financial management was still able to guarantee income of around € 3.5 million, in line with the company's cost of debt over the medium term.

The "held to collect" portfolio of securities made a significant contribution to revenue, accounting for 50% of cash available, ensuring interest income of around € 1.9 million. These were followed by capitalisation policies, which garnered € 800,000 in capital gains. Use of the securities portfolio for repurchase agreements improved the efficiency of management, while simultaneously guaranteeing short-term financial balance and additional remuneration of around € 260,000. Investments in balanced mutual funds and unit-linked policies were temporarily eliminated to avoid the risk of significant capital losses linked to oscillations in the same. In particular, unit-linked policies, which were entirely disposed of in 2020, had generated a remuneration of 5.4% since the date of subscription (average of 1.5 years).

At 31 December 2020 cash available had fallen by 15% with respect to the amount at the beginning of the year, due to marginal slowing in the collection of receivables due from the public administration. However, already in the first quarter of this year amounts had risen to the previous year's levels, substantially in line with the nominal amount of assets managed as at 31 December 2019.

Asset allocation is divided between long-term bonds classified among financial assets measured at amortised cost (Held to Collect), accounting for 50% of the amount compared to 40% at 31.12.2019. Investment policies account for 20% of the amount, unchanged with respect to 2019 and current account balances represent 25% of the total, compared to 33% the previous year. Finally, the portfolio of securities held for trading saw a decrease from 7% to 4.8% at 31 December 2020. As a whole, cash and assets owned managed by the parent company totalled € 225 million at 31 December 2020, a decrease of around € 42 million with respect to the € 267 million in 2019, a consequence of the slowing trend in receivables collected relative to the previous year.

Financial management risk

The portfolio of securities classified among financial assets measured at amortised cost (held to collect) is for two thirds made up of domestic government securities, with a financial duration of just under 5 years and an average rating of Baa3. The Agency's intention and ability to hold these securities for the long term in order to collect coupon-based returns makes it possible, on the basis of the international accounting standards, to not suffer any capital losses (to fair value) due to temporary fluctuations in interest rates and prices (measurement of securities at amortised cost).

Hence, the risk of interest rate oscillations is extremely limited given that the large majority (around 70%) consists of investment policies and HTC securities that have a strong stabilising effect on returns. Finally, the portfolio of securities held for trading accounts for only 5% of investments, with maturities of just one year and an average life of 2 years.

As a consequence, liquidity risk is very contained. Refinancing operations involving repurchase agreements also provided sufficient liquidity during cash intensive periods, making it possible to avoid contracting debt while also providing additional profit. Cash flow from current operations entirely satisfies structural operating expenses. The stress test, intended to verify the financial strength of management in the case of exogenous liquidity shocks, indicates that financial management investments comply with the principle of high liquidity, as 80% of the total can be readily monetised.

During the initial months of 2021 there were no significant events relative to financial management. It is still based around prudence, in line with the responsibilities assigned, working to take advantage of all investment opportunities offered by the market, with the general objective of achieving returns that exceed the cost of existing debt while conserving the value of the underlying assets.

B.6 - Activities of subsidiaries

The Parent Company controls the following subsidiaries:

(amounts in €/000)

Company name	31.12.2020				
	Stake held	**Share capital**	**Shareholders' Equity**	**Production Value**	**Result for the year**
Solely-held subsidiaries					
Banca del Mezzogiorno - Mediocredito Centrale (1)	100.00%	204,509	779,700	154,693	51,344
Infratel SpA	100.00%	1,000	11,679	187,433	2,371
Invitalia Partecipazioni SpA	100.00%	5,000	(5,322)	608	(2,133)

(1) the equity investment held in Banca Popolare di Bari through Banca del Mezzogiorno-Mediocredito Centrale also falls within this category, in the amount of € 430 million. It is included in the section "E.1 Solely-held subsidiaries", and was acquired through a capital grant made to Banca del Mezzogiorno using public contributions established under Decree Law 142/2019.

Banca del Mezzogiorno

The share capital of MCC-BdM is 100% held by the parent company.

MCC-BdM, established by Law 949/52 as a public law entity to disburse public subsidies and support internationalisation of businesses, was transformed in 1994 to a joint stock company with the aim of operating in the sectors of project & export finance, business finance, industrial credit, leasing and factoring.

Banca del Mezzogiorno-Mediocredito Centrale (MCC), operational since February 2012, has the goal of providing loans to businesses (medium/long-term loans), to households (mortgages, salary or pension-backed loans) and to public administrations (in the context of the Entity Treasury service provided by Poste Italiane). It manages the central Guarantee Fund for SME, which supports credit access for small and medium enterprises, and the Sustainable Growth Fund, which mainly finances investments in research and innovation, issues relative to which Invitalia is also committed, through management of incentives for development and employment and to relaunch areas in crisis (including southern Italy).

The Bank's mission is to support SMEs, mainly in the South, through the provision of loans and the management of public guarantee funds.

2020 was heavily impacted by the COVID-19 pandemic, which disrupted the global economy and led to measures to contain contagion which created a recession of an extent unseen since WWII.

In the banking sector, there were numerous projects implemented to support its role as the driver of the recovery which Italian institutions worked to do starting in the initial months of the emergency. There were numerous regulatory changes caused by the health emergency, to which can also be added those called for in the Regulatory Roadmap relative to *Calendar Provisioning*, the new definition of *Default and Loan origination and Monitoring*.

In this difficult context, the Bank:

- gave a strong push to credit activity, also serving as a level bank, above all serving the needs of SME and MID customers;
- achieved surprising results during the emergency, strengthening its role as an agent to implement public policies, supporting the productive system through special access to the Guarantee Fund, with commission volumes more than double those in the previous year;
- guaranteed good coverage ratio levels for the loan portfolio, even with increased value adjustments for credit risk, in particular with reference to the collective component of

performing loans, to mitigate risks with respect to the current and prospective situation deriving from the pandemic;
- maintained a contained cost/income level;
- recognised allocations to provisions for risks and charges, linked to the adoption of early retirement incentive measures to restructure staff qualitatively and quantitatively, in line with developments planned in the new 2021-2023 Business Plan and its new position as the parent company of the newly established MCC-BDM Banking Group.

In 2020, the Bank's activities also increased thanks to the COVID emergency measures called for under the Cure Italy Decree, as well as in the subsequent Liquidity Decree, leading to a 68.6% increase in the number of operations and an 87.8% increase in terms of the amount financed with respect to 2019.

Commercial activities mainly focussed on small and medium enterprises, in line with the second level bank model followed by MCC-BDM, with loans also developed in synergy with other players, to support entrepreneurs impacted by the COVID-19 emergency.

2020 also saw an increase in net loans to customers, which went from € 1,559.9 million at 31 December 2019 to € 2,108.6 million at 31 December 2020. In particular, gross non-impaired loans to customers amounted to € 2,104 million (1,519 million at 31.12.2019), with a coverage rate of 1.4%, consisting of € 1,862 million of gross loans in stage 1, with a coverage rate of 0.8%, and 242 million in gross loans in stage 2, with a coverage rate of 6%.

Loans to customers include bonds, mainly subscribed with the basket bond mechanism, based on the issuing of an ABS guaranteed by a pool of minibonds, for € 98.9 million (gross value 100.5 million with provisions of 1.6 million).

Impaired loans (with a gross value of 96.6 million and provisions of 62.4 million) amount to 34.2 million (against 53.8 million in 2019), accounting for 1.7% of total financial receivables (against 3.7% in 2019). More specifically, loans classified as non-performing amount to 7.8 million (0.4% of loans to customers), with coverage of 76%; probable defaults come to 26.3 million (1.3% of loans to customers), with coverage of 58.9%; past due impaired exposures amount to 0.1 million, with coverage of 10%.

The impact of impaired loans calculated relative to the total of "Loans to customers", on a net basis, comes to 1.6% (3.5% at 31 December 2019).

In 2020, the SME Guarantee Fund, as previously described, saw a dramatic increase after measures to deal with the emergency took effect. Requests received grew by 1,169% with respect to 2019, leading to total volumes of around € 124.4 billion and a guaranteed amount of € 106 billion, an increase of 696% with respect to 2019. In 2020, around € 7.6 billion was deposited as an effect of various Decree Laws (Cure Italy, Liquidity and Relaunch).

The 2020 financial year closed with net banking income of € 155 million and net profit of € 51.3 million.

consequently, the sums allocated to MCC by Invitalia were recognised as an increase in the company's shareholders' equity.

As of the approval date for MCC's Interim Report at 30 June 2020, the commissioner bodies appointed by the Bank of Italy with its Provision of 13 December 2019 were still in effect, with full powers, as no revocation provision had been issued nor had the extraordinary administration been terminated. MCC, while still holding a majority of voting rights for the BPB ordinary Shareholders' Meeting, was only be able to gain effective control and management and coordination rights after the ordinary administrative bodies of BPB have been re-established.

On 15 October 2020, the BPB ordinary Shareholders' Meeting appointed the new Board of Directors, as an expression of the desires of the majority shareholder MCC, hence ending management by the commissioner.

At 31 December 2020, MCC held a controlling interest equal to 96.82% of the share capital of Banca Popolare di Bari, equivalent to 15,221,605,414 ordinary shares, recognised with a carrying value of € 430,000,001.

MCC's control over BPB, pursuant to that established under IFRS 10, also involves indirect control over Cassa di Risparmio di Orvieto and BP Broker Srl. This is better described in the subsequent section "Part A - ACCOUNTING POLICIES - Section 4 - Other aspects - Application of article 1 of Decree Law 142 of 16 December 2019". While the Agency controls and hence includes MCC in the scope of its consolidated financial statements, it does not control BCC and its relative subsidiaries and for this the latter are consolidated solely within the consolidated financial statements of the MCC Group.

On 11 March 2021, through a provision issued by Bank of Italy the establishment of the Mediocredito Centrale Banking Group was authorised, with MCC serving as the parent company of the group.

Acquisition of Banca Popolare di Bari

On 11 March 2021, through a provision issued by Bank of Italy the establishment of the Mediocredito Centrale Banking Group was authorised, with MCC serving as the parent company of the group.

On 31 December 2019, the MCC Board of Directors approved the signing of a framework agreement with the Banca Popolare di Bari under extraordinary administration and the Interbank Deposit Protection Fund which identified the essential steps to be taken to restructure and recapitalise BPB.

More specifically, with respect to the funds needed to allow BPB to re-establish adequate capital levels, it was established that the IDPF would first take action and only later MCC, under market conditions and using a logic consistent with that of a market operator, so as to not be classifiable as government aid.

On 29 June 2020, an extraordinary Shareholders' Meeting was held for Banca Popolare di Bari under extraordinary administration, which approved, among other things:

1. acknowledgement of the equity situation as at 31 March 2020, of the reduction of share capital to zero due to losses accrued as of that date and the re-establishment of a positive shareholders' equity in the amount of € 10 million thanks to deposits made by the IDPF, subordinate to its transformation and capital increase pursuant to points 2 and 3 below.

2. transformation of the company in to a joint stock company and the adoption of new By-Laws;

3. an indivisible share capital increase for payment with exclusion of option rights pursuant to article 2441, paragraph 5 and 6 of the Civil Code for a total amount of € 933,246,586 to be offered for subscription to the Interbank Deposit Protection Fund and Banca del Mezzogiorno - MedioCredito Centrale SpA

Also on 29 June 2020, these Shareholders' Meeting resolutions were filed with the Register of Companies, meeting the conditions precedent established in the agreements signed by the parties with regards to the deposits to be made by MCC and IDPF.

On 30 June 2020, MCC received 7,166,666,666 ordinary shares from BPB in exchange for € 430 million.

Also on 30 June, MCC received 8,054,109,767 ordinary shares from FITD in exchange for € 1.

Therefore, as at 30 June 2020, MCC held 15,220,776,433 ordinary BPB shares, for a carrying amount of € 430,000,001. These shares corresponding to a stake of around 96.8%.

The operation is consistent with Decree Law 142/2019, which called for the allocation of funds to create a banking centre in the south, serving as a point of reference for companies and all economic, productive and social entities in the south of Italy.

In this light, MCC received a capital grant from the sole shareholder for future share capital increases equal to 430 million, used to complete the operation. Pursuant to Decree Law 142/2019, consequently, the sums allocated to MCC by Invitalia were recognised as an increase in the company's shareholders' equity.

As of the approval date for MCC's Interim Report at 30 June 2020, the commissioner bodies appointed by the Bank of Italy with its Provision of 13 December 2019 were still in effect, with full powers, as no revocation provision had been issued nor had the extraordinary administration been terminated. MCC, while still holding a majority of voting rights for the BPB ordinary Shareholders' Meeting, was only be able to gain effective control and management and coordination rights after the ordinary administrative bodies of BPB have been re-established.

On 15 October 2020, the BPB ordinary Shareholders' Meeting appointed the new Board of Directors, as an expression of the desires of the majority shareholder MCC, hence ending management by the commissioner.

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MCC's control over BPB, pursuant to that established under IFRS 10, also involves indirect control over Cassa di Risparmio di Orvieto and BP Broker Srl. This is better described in the subsequent section "Part A - ACCOUNTING POLICIES - Section 4 - Other aspects - Application of article 1 of Decree Law 142 of 16 December 2019". While the Agency controls and hence includes MCC in the scope of its consolidated financial statements, it does not control BCC and its relative subsidiaries and for this the latter are consolidated solely within the consolidated financial statements of the MCC Group.

On 11 March 2021, through a provision issued by Bank of Italy the establishment of the Mediocredito Centrale Banking Group was authorised, with MCC serving as the parent company of the group.

Infratel

The share capital of Infratel Italia is 100% held by the parent company.

Infratel Italia is a distinctive organisation offering skills in designing, constructing and managing infrastructure to serve telecommunications networks, and has efficiently and effectively served as the implementing entity for government strategies for the sector.

The completion of the new programme agreement in 2020 between MED, Invitalia and Infratel confirmed its transformation from a company offering excellent skills relative to digital infrastructure to an entity providing skills to assist in the digital transformation in all senses, from infrastructure to services made possible through digital technology.

The 2020 financial year was heavily impacted by the effects of the COVID-19 pandemic, which, as of the initial months of the year, slowed operations at various domestic construction sites, significantly limiting work.

Nonetheless, the company was able to reorganise its internal activities, taking advantage of management architecture which is also available remotely, both to manage design and pre-commissioning inspections. Most activities were carried out by internal company personnel through remote work, always guaranteeing the utmost efficacy and efficiency. Remote commissioning activities were also begun, taking advantage of highly reliable technological components that made it possible to reduce on-site visits to a certain extent, thereby reducing contagion risks and optimising time and cost aspects associated with commissioning.

The company's activities continued, maintaining a close interaction with the Italian Ministry of Economic Development, which is responsible for the direction and monitoring of the Broadband and Ultra-Broadband Development Programmes and with the Regional Authorities. The intent is to identify the best models of cooperation for the implementation of the interventions on the various territories, in compliance with the provisions of the EU Guidelines on State Aid for the rapid development of broadband and ultra-broadband services.

In 2020, the company worked in a particularly complex and competitive situation in terms of the telecommunications sector, especially with regards to infrastructure used for ultra-broadband.

The European Digital Agenda established by the European Commission in 2010 had set the following objectives for member countries for the year 2020:

- ✓ High speed broadband by 2020: coverage with networks allowing speeds of 30 Mbit/s or higher for 100% of citizens;
- ✓ Highspeed ultra-broadband by 2020: 50% of domestic users making use of services with speeds of 100 Mbit/s or higher.

Subsequently, with the document "Connectivity for a Competitive Digital Single Market – Towards a European Gigabit Society", the European Commission proposed that by 2025, in all member countries, all schools, transport companies, the main providers of public services and highly digitalised companies should have access to internet offering download/upload speeds of at least 1 Gbps. Additionally, all European families, whether rural or urban, should have access to networks offering download speeds of at least 100 Mbit/s, with the possibility of being upgraded to 1 Gbps. All urban areas and the main roads and railways should offer 5G wireless broadband with uninterrupted coverage.

On 9 March 2021, the project for the digital transformation of Europe by 2030 was presented, which calls for the construction of 1 Gbits NGA networks for all.

The National Recovery and Resilience Plan (PNRR), presented to the European Commission by the Italian government, establishes that the black and grey areas of the country not involved in private investments must be covered by public projects to allow the development of 1 Gbits networks by 2026.

Public project plans are established starting with the results of public consultations with operators, in compliance with EU regulations regarding government aid. Infratel periodically carries out public consultation to update information regarding the availability of ultra-broadband connection services through telecommunications company in order to identify "market failure" areas within the country.

In this context, with the aim of strengthening communication infrastructure with an eye to next generation networks, Infratel acts to support the development of ultra-broadband networks and services, to create the conditions for decisive improvement in service possibilities for the public administration, even in the most remote areas of the country, making it possible to develop the digital economy and services even in areas not served by private companies.

The 2020 financial year closed with turnover of € 187 million and net profit of € 2.3 million.

Invitalia Partecipazioni

The share capital of Invitalia Partecipazioni is 100% held by the parent company.

Invitalia Partecipazioni is a special purpose vehicle in the Group, responsible for managing liquidation processes and equity investments deemed non-strategic.

During 2020, the company continued with its mission, aimed at disposing of the equity investments in its portfolio, by completing liquidation or disposal procedures, managing the closing of still existing creditor positions, settling the relative disputes and managing real estate assets, mainly consisting of business incubators.

2020 saw the start of the plan to rationalise and sell the Group's real estate assets, relative to all assets which are no longer instrumental to the company's activities. These properties were inherited from various operations prior to 2007 and are no longer in line with current policies, having no link to the current institutional responsibilities of the Agency.

Due to the above, Invitalia Partecipazioni was also involved in this process as it owns certain properties (business incubators and industrial complexes) which are destined to be sold off.

Therefore, based on the above Agreement, Invitalia Partecipazioni adjusted the carrying amount of these assets to their market value and, based on Law 77/2020 (Relaunch Decree), these adjustments have a balancing entry in the negative shareholders' equity reserve.

This amendment to the accounting standard was allowed, in compliance with Italian Accounting Standard (OIC) 29, in the case in which "*it is required by new legislative provisions or new accounting standards*" as is the case for article 47 of the Relaunch Decree. Based on this, the subsidiary was authorised by the parent company to make these adjustments.

The 2020 financial year closed with turnover of € 0.6 million and a loss of € 2.1 million.

B.7 Companies subject to significant influence (associates)

(amounts in €/000)

Company name	31.12.2020				
	Stake held	Share capital	Shareholders' Equity	Production Value	Result for the year
Companies subject to significant influence (associates)					
CDP Venture Capital SGR	30.00%	2,596	5,891	8,318	282
Istituto della Enciclopedia Treccani	6.79%	75,555	80,849	15,558	317

CDP Venture Capital SGR

With the 2019 stability law, MED authorised the sale of 70% of the equity held in Invitalia Venture SGR by Invitalia to Cassa Depositi e Prestiti SpA.

On 15 January 2020 a plenary session of the Invitalia Ventures SGR Shareholders' Meeting was held which, during the extraordinary portion, changed the company name to CDP Venture Capital SGR SpA and, during the ordinary portion, appointed the new Board of Directors consisting of nine members of which three, including the Chairperson, selected by Invitalia.

After the new Board of Directors took office, the National Innovation Fund was also activated, representing a turning point in the Italian venture capital arena, with the aim of making venture capital an important factor in the economic development of the country, helping to support innovation.

During 2020, CDP VC SGR accelerated the establishment of new funds (+9 funds instituted, of which 7 operating at the end of 2020), allocating substantial resources to the system (over € 240 million in approved investments) and playing a key role on the Italian venture capital market.

The 2020 financial year closed with net banking income of € 8.3 million and net profit of € 0.3 million.

Istituto Treccani

The Group holds a 6.79% stake in the share capital of the Istituto della Enciclopedia Italiana fondata da Giovanni Treccani SpA.

The 2020 financial year was heavily affected by the health emergency caused by the COVID-19 pandemic, which created a generalised climate of insecurity with consequent negative impacts on macroeconomic variables and notable weakening of the publishing segment and cultural sector in general.

Traditional business had to adjust to this very unusual and unexpected situation, adjusting schedules and methods used to advertise publications. Despite these difficult sales conditions, 2020 nonetheless saw a great deal of training offered to sales networks, achieving important results in terms of increasing the professionalism of sales agents and call centres.

The 2020 financial year closed with turnover of € 15.6 million and profit of € 0.317 million. Share capital is € 75.5 million.

B.8 Subsidiaries held for sale

(amounts in €/000)

Company name	31.12.2020				
	Stake held	Share capital	Shareholders' Equity	Production Value	Result for the year
Italia Turismo	100%	128,463	68,331	6,776	(2,492)
Marina di Portisco	100%	7,793	7,204	5,169	539

Italia Turismo

The share capital of Italia Turismo is 100% held by the parent company.

Italia Turismo possesses a large number of real estate assets, mainly in Southern Italy (Apulia, Basilicata, Calabria, Sicily, Sardinia) consisting of tourist villages leased to leading sector operators and land destined for tourism development.

In its 2017-2019 Business Plan, the Agency planned for an additional reorganisation of its corporate scope, involving the sale of certain assets, which are no longer strategic, including its equity investment in Italia Turismo. As a consequence, starting in 2017 Invitalia began activities to dispose of its equity investment in Italia Turismo. Hence, based on a request made by Invitalia, on 7 December 2017 the Italian Turismo Board of Directors resolved to grant Invitalia a mandate to sell the assets it owns.

The fulfilment of the process to sell part of these assets to a major Italian operator, announced in March 2020 by the parent company, was unable to be completed as the prospective purchaser withdrew their offer due to increased difficulties in the tourism sector associated with the pandemic.

Consequently, the assets of Italia Turismo were added to the "Group Real Estate Rationalisation and Disposal Plan", begun by Invitalia in cooperation with Invimit Sgr, a real estate management company owned by MEF, which at the end of 2020 had led to the signing of an agreement between the parties aimed at selling the entire real estate portfolio to a fund known as "i3-Development Italy Fund".

Therefore, based on the above Agreement, Italia Turismo adjusted the carrying amount of these assets to their market value and, based on Law 77/2020 (Relaunch Decree), these adjustments have a balancing entry in the negative shareholders' equity reserve.

This amendment to the accounting standard was allowed, in compliance with Italian Accounting Standard (OIC) 29, in the case in which "*it is required by new legislative provisions or new accounting standards*" as is the case for article 47 of the Relaunch Decree. Based on this, the subsidiary was authorised by the parent company to make these adjustments.

It should also be remembered that in the context of the Group Real Estate Rationalisation and Disposal Plan, the company was authorised by Invitalia to settle and write-off the full amount of ordinary interest and interest on arrears, as well as to write-off 10% of the capital portion, with an overall benefit of around € 10 million (equal to 20% of the total amount due). Financial support up to the amount needed to sign the agreement with the banking sector was guaranteed by Invitalia.

On 6 May 2021, the settlement and write-off operation regarding the loan granted in the past to Italia Turismo was completed. The loan had been non-performing for some time, while awaiting the sale of the company and/or its assets.

In 2020, tourism suffered a never-before-seen crisis due to the unprecedented health, social and economic crisis caused by the COVID-19 pandemic. Based on data provided by the United Nations World Tourism Organisation (UNWTO), in 2020 international tourist arrivals fell by 74% with respect to the previous year.

The value of tourism structures saw lower revenue and decreased margins on leases, with owners frequently granting a discount on the fixed component of rents and extensions of contract terms for purposes of business continuity and sharing contingent difficulties.

The 2020 financial year closed with turnover of € 6.7 million and a loss of € 2.5 million.

Marina di Portisco (sale awaiting authorisation)

The share capital of Marina di Portisco is 100% held by the parent company.

Marina di Portico manages the tourist port located in the Gulf of Cugnana, between Porto Cervo and Porto Rotondo, through a thirty-year state maritime concession expiring in September 2029. The port offers 589 boat berths, of which 16 for maxi-yachts for lengths of up to 90 metres and quay depths of up to 10 metres, with parking for 315 vehicles, located next to the quays and in the area behind them.

In 2020, the Region of Sardinia completed the process to renew the government maritime concession, requested by the Company in 2013, issuing Decision no. 25149 which extended the expiration of the Concession to 31.12.2049. The extension of the concession had a positive impact on the company's statement of profit and loss, which benefited from a reduction in the amortisation/depreciation load, redistributed over a longer period of time.

During 2020, actions intended to optimise the positioning of the Marina continued, through a marketing and communication plan aimed at achieving the sales targets identified through market research and historical analysis of sales statistics. Unfortunately, the nautical tourism sector was not spared from the effects of the COVID-19 pandemic. However, compared to other sectors, it saw a lesser decrease in volumes and ended the year with higher profits than the previous one.

At the end of 2020, turnover was € 5.2 million and profit came to € 539,000.

Sales procedure

On 16 October 2020, the Board of Directors of the Agency approved starting a public procedure to sell 100% of Marina di Portisco.

- In January 2021, RTI Transport s.a.s. di Taula V. & C – IGY Services UK Limited presented a definitive offer of € 20,300,000.00 requesting an extension in the terms for closing the operation of 90 days after communication of the definitive awarding of tender.
- On 3 March 2021, Invitalia sent a notice to MED requesting authorisation to proceed with the sale of the equity investment under the conditions described above.

Trieste Navigando (sold in 2020)

The share capital of Trieste Navigando was previously 100% held by the parent company.

The company's mission is to construct the "Porto Lido" project in the city of Trieste, including redeveloping an historic part of the city waterfront by constructing a marina. For this purpose, it obtained a forty-year state maritime concession.

On 2 October 2020, a sales agreement was signed by Invitalia and the CCIA Trieste (Chamber of Commerce).

B.9 Other equity investments held for sale

The Parent Company holds a number of non-controlling interests, the most significant of which are listed as follows:

(amounts in €/000)

Company name	31.12.2020				
	Stake held	Share capital	Shareholders' Equity	Production Value	Result for the year
IP Porto Romano Srl (*)	34.2%	5,001	(1,241)	10	(1,456)
Marina d'Arechi (*)	39.3%	30,000	22,624	5,559	(2,250)

(*) Financial statement amounts refer to 2019.

Iniziative Portuali Porto Romano Srl

The company IP Porto Romano Srl—whose main shareholders are Marina di Fiumicino Partecipazioni (65.45%) and Invitalia (34.23%)—holds a 90-year government concession to create and manage a tourist port in Fiumicino. The Fiumicino port project plans for the creation of an area with 1445 boat berths, as well as water front infrastructure.

On 10.5.2017, the Board of Directors of IP Porto Romano, noting that the company: (i) no longer had financial resources to continue its business, (ii) was nearing the time set for the bankruptcy request hearing presented by certain suppliers and professionals, resolved to present a request for composition with creditors as a going concern, pursuant to article 161, paragraph VI of the bankruptcy law.

During the composition with creditors procedure, Invitalia had communicated with Royal Caribbean (RCL), one of the most important cruise operators in the world, which was interested in presenting a project variation to the Lazio Region, the entity which grants the government maritime concession, to create a tourist port with an annexed cruise structure.

The administrative process for the variation request was begun by Invitalia at the end of 2018 and after a long authorisation procedure carried out by the Lazio Region, the Ministry of Cultural Heritage and the Ministry of the Environment was completed in December 2019 with an opinion substantially in favour of the RCL project.

Consequently, on 18.3.2020 the Agency's Board of Directors approved the operation to save IP Porto Romano Srl, with the signing of a new term sheet by Royal Caribbean (RCL), Invitalia and MEF.

On 14.4.2020, after a long process, the Rome Bankruptcy Court approved the composition with creditors plan for IP Porto Romano. Consequently, the 2020 financial statements, implementing Italian Accounting Standard 6 (OIC) "restructured debts", will show the economic effects of debt restructuring in its accounts, which for the company will involve contingent assets yet to be defined, deriving from the difference between the carrying amount of the debt and the value approved in the plan.

After the approval of the composition with creditors plan, the Liquidation Commissioner was appointed, who began communications with the judicial commissioners, RCL and Invitalia to determine whether the conditions were met to complete the composition with creditors out of court and avoid a declaration of bankruptcy for the company. Determining that the parties (RCL and

Invitalia) were not yet in the condition to conclude out of court agreements, the Liquidator began a public auction to sell the business unit, including the government maritime concession.

The deadline for presentation of bids was 10 December 2020. No bids were received by that date. Subsequently, a second public auction was held, lowering the minimum bid by 15%. The deadline for presentation of bids was 10 March 2021. Again no bids were received by that date. A new public auction has been set for 14 July 2021.

On 26 February 2021 the Vice President of RCL informed Invitalia of their intention to again take up the process suspended in April 2020, to sign a new term sheet and enter the share capital of IP Porto Romano by June 2021.

On 29 April 2021 the Invitalia Board of Directors noted RCL's request, resolving to return to negotiations with RCL with the aim of signing a new term sheet by the end of June 2020.

As of the reporting date for the Agency's financial statements, the 2020 financial statements were not yet available.

Marina di Arechi (sold in 2021)

The company Marina d'Arechi (MdA) was established in Salerno in 2010, in order to take over the original holder of the maritime concession to build and manage the Marina d'Arechi located in the Gulf of Salerno, through an 80-year government concession, valid through 18 February 2091.

The company is controlled by the Gallozzi group, with Invitalia Group holding a direct equity share via the Agency (13.3%) and its subsidiary Invitalia Partecipazioni (26%).

During 2019 the company presented to the relevant banks, which signed it, a "standstill" agreement to renegotiate debt on the basis of a new business plan, prepared by one of the big four in auditing and consulting. The company is awaiting the decision from the pool of banks.

As a consequence of the above, the Board of Directors approved the use of an extension to approve the 2019 financial statements.

On 4 December 2020, the banks signed a new financing agreement with the company, while Invitalia rendered its signature of the agreement subordinate to an irrevocable commitment by the Gallozzi Group to repurchase the shares the Invitalia Group holds in Marina d'Arechi.

On 30 December 2020 the sales agreement was signed by Gallozzi & Figli, Invitalia and Invitalia Partecipazioni relative to all the shares the Invitalia Group held in Marina d'Arechi. Completion of the contract with transfer of the shares is set for 28 February 2021. On the same day, Invitalia and Invitalia Partecipazioni also signed a new financing contract with the banks, followed by approval of the 2019 financial statements for the company, which showed a loss for the year of € 581,000.

On 29 January 2021, the directors chosen by Invitalia resigned and a Shareholders' Meeting was called which appointed a new Board of Directors entirely consisting of members chosen by the majority shareholder, Gallozzi Group.

On 14 April 2021, after authorisation was received from MED, the deed was notarised which transferred part of the Invitalia shares and all of the Invitalia Partecipazioni shares to Giuseppe Gallozzi & Figli SpA.

B.10 Other equity investments acquired through government grants/third-party funds

Banca Popolare di Bari (acquired through Banca del Mezzogiorno - MedioCredito Centrale SpA)

On 31 December 2019, the BDM-MCC Board of Directors approved the signing of a framework agreement with the Banca Popolare di Bari under extraordinary administration and the Interbank Deposit Protection Fund which identified the essential steps to be taken to restructure and recapitalise BPB. More specifically, with respect to the funds needed to allow BPB to re-establish adequate capital levels, it was established that the IDPF would first take action and only later BDM-MCC, under market conditions and using a logic consistent with that of a market operator, so as to not be classifiable as government aid.

On 29 June 2020, an extraordinary Shareholders' Meeting was held for Banca Popolare di Bari under extraordinary administration which approved, among other things:

1. acknowledgement of the equity situation as at 31 March 2020, of the reduction of share capital to zero due to losses accrued as of that date and the re-establishment of positive shareholders' equity in the amount of € 10 million thanks to deposits made by the IDPF, subordinate to its transformation and capital increase pursuant to points 2 and 3 below.
2. transformation of the company in to a joint stock company and the adoption of new By-Laws;
3. an indivisible share capital increase for payment with exclusion of option rights pursuant to article 2441, paragraph 5 and 6 of the Civil Code for a total amount of € 933,246,586 to be offered for subscription to the Interbank Deposit Protection Fund and Banca del Mezzogiorno - MedioCredito Centrale SpA

Also on 29 June 2020, these Shareholders' Meeting resolutions were filed with the Register of Companies, meeting the conditions precedent established in the agreements signed by the parties with regards to the deposits to be made by BDM-MCC and IDPF.

On 30 June 2020, BDM-MCC received 7,166,666,666 ordinary shares from BPB in exchange for € 430 million.

Also on 30 June, BDM-MCC received 8,054,109,767 ordinary shares from FITD in exchange for € 1.

Therefore, as at 30 June 2020, BDM-MCC held 15,220,776,433 ordinary BPB shares, for a carrying amount of € 430,000,001. These shares corresponding to a stake of around 96.8%.

The operation is consistent with Decree Law 142/2019, which called for the allocation of funds to create a banking centre in the south, serving as a point of reference for companies and all economic, productive and social entities in the south of Italy.

In this light, BDM-MCC received a capital grant from the sole shareholder for future share capital increases equal to 430 million, used to complete the operation. Pursuant to Decree Law 142/2019, the sums allocated to BDM-MCC by Invitalia were recognised as an increase in the company's shareholders' equity.

On 15 October 2020, the BPB ordinary Shareholders' Meeting appointed the new Board of Directors, as an expression of the desires of the majority shareholder BDM-MCC, hence ending management by the commissioner.

At 31 December 2020, BDM-MCC held a controlling equity investment equal to 96.82% of the share capital of Banca Popolare di Bari, equal to 15,221,605,414 ordinary shares[2], recognised with a carrying value of € 430,000,001.

The control BDM-MCC has over BPB also means it indirectly controls Cassa di Risparmio di Orvieto and BP Broker Srl.

On 11 March 2021, through a provision issued by Bank of Italy the establishment of the Mediocredito Centrale Banking Group was authorised, with BDM-MCC serving as the parent company of the group.

Please see the section below, Section 4- Other aspects - Application of article 1 of Decree Law 142 of 16 December 2019" in Part A of the Notes, for a description of the reasons underlying Invitalia not having control over BPB and, consequently, it (and its subsidiaries) not being included in the scope of consolidation for Invitalia's consolidated financial statements.

Invitalia Global Investment

Following the process begun in October 2017 by the Italian government, on 9 January 2018, pursuant to article 1, paragraphs 260-266 of Law 205/2017, Invitalia established Invitalia Global Investment SpA, a financial institution authorised to provide loans to promote the development of exports and internationalisation in the Italian economy relative to countries classified as high risk by the International Financial Action Group, also known as the Financial Action Task Force (GAFI-FATF).

The parent company holds 100% of the shares, but due to the special purposes that lawmakers intended to pursue by creating a new instrument for public action, regulated by special administrative provisions, the Board of Directors resolved, in line with that indicated by the Italian Ministry of Economy and Finance, not to provide management and coordination for the newly established company. Consequently, the company is classified among non-significant equity investments.

During 2019, the unchanged international situation combined with an absence of specific instructions from the government led the Board of Directors, downstream from the completion of cost saving actions aimed at fully eliminating discretionary costs, to place the company in "stand-by" in operational terms, effective as of 1 April 2019. This situation also continued in 2020, as now changes were made in the reference regulatory framework under which the company falls.

The 2020 financial year closed with a loss of € 181,000.

Additionally, starting in 2021:

Acciaierie d'Italia Holding SpA

On 14 April 2021, Invitalia subscribed a capital increase for AM InvestCo Italy SpA, the company leasing Ilva business units under extraordinary administration. This subscription was the implementation of the co-investment agreement between Arcelor Mittal Holding Srl, Arcelor Mittal SA and Invitalia, which had already been announced to the market the previous December and was intended to begin a new phase of environmentally sustainable development of Ilva in Taranto.
More specifically, as ordered by the Italian government, on 14 April 2021, Invitalia subscribed ordinary shares totalling € 400 million using capital grants coming from the Ministry of Economy and Finance and, after adhering to the capital increase, acquired 50% of voting rights for the company leasing the assets. These funds were received from the Ministry of Economy and Finance in the context of that established under article 1, paragraph 1 of Decree Law 142 of 16 December

[2] After additional assignments of ordinary shares at no cost.

2019, converted with amendments by Law 5 of 7 February 2020, as amended by Decree Law 104 of 14 August 2020.

Reithera and TLS

The Italian government, through the Ministry of Health and the Special Commissioner, to ensure the widest possible array of products and to accelerate the end of the pandemic, agreed to support research and experimentation of companies and Italian researchers to develop COVID-19 vaccines and pharmaceuticals.
In this framework can be seen article 34 of Decree Law 104 of 14 August 2020, converted with Law 126 of 13 October 2020, relative to which a portion of the funds of the Fund for National Emergencies were destined for research and development, the purchase of vaccines and monoclonal antibodies produced by industries in the sector (80 million in 2020 and 300 million in 2021), including through the acquisition of equity investments under market conditions.

In this context, the following companies were identified:

- **Reithera Srl**, which carries out research, development and production of clinical lots of viral vectors and which, from the beginning of the pandemic, has worked to develop a COVID vaccine;
- **TLS Sviluppo Srl**, which carries out research, development and production of monoclonal antibodies making use, among other things, of the TLS Foundation.

ReiThera Srl and TLS Sviluppo Srl presented a request to Invitalia to obtain subsidies relative to Development Contracts, both to continue research and development of vaccines and monoclonal antibodies, respectively, and to strengthen and make independent the Italian production system, guaranteeing excellent infrastructure in the biomedical field, also through projects for implementation in existing production plants. The requests were approved by the Invitalia Board of Directors on 25 January 2021 and 15 February 2021, respectively.

On 27 December 2020, the Italian Ministry of the Economy and Finance (MEF), in concert with the Ministry of Health and the Ministry of Economic Development (MED), issued a Decree regarding the plan of projects aimed at producing an Italian COVID-19 vaccine and monoclonal antibodies, authorising Invitalia to:

- acquire 27% of Reithera Srl, equal to €15,000,000.00, which is investing in industrial research and experimental development to develop and validate a process to produce the COVID-19 vaccine.
- acquire 30% of TLS Sviluppo Srl, equal to € 15,000,000.00, which is involved in an industrial investment project to activate and commission a plant to produce doses of monoclonal antibodies.

C - HUMAN RESOURCES AND ORGANISATION

In 2020, an important organisational overhaul was introduced, launched immediately prior to the COVID-19 crisis and mostly implemented despite this crisis, after a careful evaluation of the risks of the alternative, which would have combined the typical "risks" of a reorganisation with the foreseeable significant requirements for the imminent recovery.
This reorganisation significantly revised the company's organisational architecture, in particular:

- ✓ the creation of a Chief Financial Officer, to combine accounting management (administrative and operating) while providing centralised management of shared services. In this context, the assignment of responsibilities regarding IT Systems was intended to drive optimisation of the factory on a company basis, to be completed within a year (achieved in 2021), while

protecting the specific nature of account management for activities relative to digitalisation of public administration;
- ✓ the strategic objective of making various company services distinct to better focus on offerings for clients and maintaining the needed market competitiveness was pursued by implementing a "by product" structure (pre-division), avoiding all risks of overlapping relative to clients and taking advantage of the specific nature of the various professional communities;
- ✓ In this context, Public Investments pursued the clear objective of focussing on Central Procurement Authority, Contracting Authority and Executive Body activities, fully integrating the Bagnoli Project and eliminating activities not consistent with its mission. Innovation and Incentives took on activities regarding incentives previously provided through the former EU Project Assistance and the former Competitiveness, Infrastructure and Territories. Operating Programmes took on both activities previously provided with regard to CIT and Reconstruction (Bologna and Centre/South) from both of the other business units.

In general, despite the restructuring, the company's organisation reacted to the exceptional situation created by the pandemic by implementing typical crisis management responses.
"Governance" of the emergency was guaranteed by a team that involved the first organisational level, ensuring integrated information, a single source for interpretation and consistent and prompt decision-making, helping to ensure continuity of service and preventing dangerous uncertainties for the staff.
Obviously the use of remote work was widespread, as well as "diversification" tools envisaged for different employee categories (fragile employees, parents, etc.) which were constantly aligned with the decisions of clients regarding shared activities.
During the year, the Safety system was also governed by all the tools required by the law (COVID Committee, etc.) with continued monitoring that made it possible to request and receive challenging ISO 45001 certification, despite the pandemic, with a positive report coming from the certifying bodies.
In response to the changed situation, also in consideration of the guidelines expressed on the subject by the client (Article 236, Relaunch Decree), which included provisions on flexible work in the public sector and remote work, the company implemented a system to manage employee shifts (on site, at the client, on holiday or working remotely) on a weekly basis, based on communications received from various company departments, making it possible to control the subjective requirements for which the company is responsible.

C.1 - Organisational projects

Changes to the organisational structure
Downstream from strategic workshops carried out in 2019 and dedicated to Business Areas, the organisational overhaul helped to focus and better connect revenue with Area activities, while also optimising the skills and professional roles provided to the client.

- **Incentives and Innovation**: this structure took on all Incentive Management activities.
  All management services for incentives relative to Innovation, Energy and Research (previously in other structures) were centralised within this Business Unit.

  Additionally, the creation of a competence centre for industrial crises responded to the need to provide useful answers both with tools available to the Business Unit (the subsidy measures managed) and by making use of the external market by attracting investments (this latter also incorporated within the Business Unit).

- **Competitiveness, Infrastructure and Territories, now called Public Investments**: - This business unit saw a significant change with the objective of focussing all of its activities on

scheduling, managing and controlling execution of infrastructure investments, including management of Contracting Authority and Central Procurement Authority activities. Consequently, all services not closely connected to these activities (incentive management, operating programmes, etc.) were moved to other areas. Additionally, a matrix organisation was created with Account Managers (project managers) and Areas which provide services based on skills and process stages to implement projects to carry out investments:
    - Program Management and Investment Evaluation Services
    - Central Procurement Authority Services - legal activities
    - Engineering Services - technical engineering activities

Finally, there is a Business Unit focussed on managing the entire process of infrastructure investment relative to Cultural Assets and Tourism, which requires highly specialised skills.

- **EU Project Assistance, now called Operating Programmes:** - the new Business Unit centralises all Operating Programme Design and Management activities, both for those cofinanced with the EU and those which are solely domestic to better fulfil the programming mission:

    - Preparation and refining of Programmes;
    - Design and implementation of projects;
    - Monitoring, auditing and certification of spending.

  All activities focussed on implementing projects to support the reconstruction of areas affected by natural disasters and earthquakes have also been centralised in this BU;

- **Legal and Corporate Affairs:** legal services relative to the client were rationalised in this Area, creating an ad hoc committee known as "Client Legal", to better take advantage of opportunities to develop business.

In the last part of the year a new area called Strategic Planning and Industrial Policies was created, which reports directly to the Managing Director, with the aim of creating the company's Strategic Plan, working with various areas (line, staff and subsidiaries) and monitoring industrial policies most appropriate to achieve the objectives of the Strategic Plan.

Main organisational projects

Top level work measurement

During a year the work measurement was updated, using a systematic Job Evaluation process which determined the degree of complexity of all organisational structures in order to measure the internal value of individual top level positions.

Productivity Bonus: The productivity bonus was substantially in line with the previous year, validating the bonus and the economic, internal capacity and performance indicators.

Quality management

During 2020, with an eye to the continuous improvement of the core company processes and to create synergies between various Operating Systems, the parent company planned the implementation of an Integrated System to combine the Quality Management System and the Workplace Safety System. Additionally, consistent with previous reports, the Agency has certified its core processes relative to management of incentive measures and management of projects for external clients.

Additionally, during 2020 the company maintained certification for the management of the parent company's Contact Centre, according to UNI EN 15838 - 11200, as well as certification concerning planning and execution of the verification service on works design for validation purposes.

C.2 - Management workforce interventions

During 2020, workforce management actions were oriented, in line with the achievements of previous years, to a better allocation of internal resources on revenue-generating contracts, as well as to the acquisition of skills from the market required for the execution of contracts in the portfolio, in particular for those with a highly technical focus.
The policy for the stabilisation of fixed-term employment contracts continued to be pursued, leading to the confirmation of 53 permanent employment contracts for resources throughout the entire Group, of which 43 related to employees of the Parent Company.

Employee turnover at the **Agency** during 2020 is summarised in the following table:

Workforce turnover in 2020 - Invitalia

	Managers	Middle Managers	Clerical staff	Total employees	Atypical workers*	Total
Staff at 31/12/2019	**45**	**211**	**1,289**	**1,545**	**188**	**1,733**
Joining:	8	4	195	**207**	118	**325**
- from Group companies			*1*	***1***		***1***
*- other***	*8*	*4*	*194*	**206**	*118*	**324**
Leaving:	2	9	164	**175**	76	**251**
- to Group companies				**-**		**-**
*- other***	*2*	*9*	*164*	***175***	*76*	***251***
Staff at 31/12/2020	**51**	**206**	**1,320**	**1,577**	**230**	**1,807**

** Freelance workers, temporary workers, interns*
*** includes 3 position changes, from middle manager to executive*

During 2020, changes in parent company staff led to a net increase of 32 resources in the number of employees, while for atypical contracts, the increase totalled 42. Overall, for all contract types a net increase of 74 was seen in personnel.

With regards to employees, incoming staff (207) relate to 130 new fixed-term contracts, 37 interns, 37 permanent employees and 3 promotions to the executive level.

Fixed term contracts were mainly used to strengthen production capacity with regards to reconstruction of areas in central Italy affected by the earthquake of 2016 (35% of the total, 46). In this area, the significant number of incoming staff was due to the need to fill the gap due to significant outflows, typical of jobs involving high levels of technical skill. The remaining new fixed term employees were 20% (26) for EU Fund management and scheduling activities, 18% (24) to strengthen skills regarding the Central Procurement Authority institutional role and for projects to develop and carry out public investments, and 15% (19) to manage measures to support businesses. The residual amount, 15, refers to staff areas, mainly allocated to external contracts that produce revenue.

Intern contracts mainly involved contracts to manage EU funds (24 incoming, with respect to a total of 37).
New permanent employees included, as in previous years, the absorption of 19 employees coming from *Ancitel SpA in liquidation*, subject to management and coordination by the *Associazione Nazionale dei Comuni Italiani (ANCI)* (National Association of Italian Municipalities), with which Invitalia stipulated a Framework Agreement on 9/2/2017. This agreement defined the areas of activity and methods of cooperation between ANCI and INVITALIA, who committed to making the skills of their respective permanent employees available, as well as those of their investee companies.
The remaining permanent contracts refer to resources with high levels of professional experience in varying areas and an intercompany transfer coming from the subsidiary Infratel Italia SpA.

Outgoing employees, net of promotions, totalled 172. Of these, 108 refer to the natural expiration of fixed term contracts for earthquake reconstruction activities in Emilia Romagna (57) and central Italy (51).
The remaining outgoing employees left due to expiration of contracts activated to manage incentives for businesses (27), for public investments (13) and for other activity areas, both due to natural expiration and resignations. The number of employees leaving in 2020 includes those deriving from actions begun the previous year in compliance with Decree Law 4/2019 which introduced the "sum of 100". Again in 2020 projects were implemented in this arena, which led to the exit of 11 permanent employees at the end of the year, of which 10 from Invitalia.

With regards to atypical contracts, used to satisfy additional flexibility requirements, 72 freelance, 43 temporary and 3 intern contracts were activated.
To simplify the procedure for activating temporary contracts, a tender notice was issued at the end of the year, which led to the identification of three suppliers that meet the requested requirements. Through a specific Framework Agreement, general conditions were established that govern activation of the contracts, both procedurally and economically.

Outgoing atypical staff, totalling 76, involved 46 freelance workers, 24 temporary workers and 6 interns.

Regarding **other Companies of the Group**, employee turnover is illustrated in the following table:

	Managers	Middle Managers	Office and manual workers**	Total employees	Atypical workers***	Total
Staff at 31/12/2019	**16**	**197**	**247**	**460**	**53**	**513**
Joining:	**5**	**18**	**105**	**128**	**31**	**159**
- from Group companies	**-**	**-**	**-**	**-**	**-**	**-**
- other	**5**	**18**	**105**	**128**	**31**	**159**
Leaving:	**1**	**15**	**81**	**97**	**51**	**148**
- to Group companies	**-**	**-**	**1**	**1**	**-**	**1**
- other	**1**	**15**	**80**	**96**	**51**	**147**
Staff at 31/12/2020	**20**	**200**	**271**	**491**	**33**	**524**

**includes the companies held for sale Marina di Portisco spa and Italia Turismo spa*
*** manual workers only apply to the company Marina di Portisco spa*
**** Freelance workers, temporary workers, interns*

Changes in the staff of the other companies of the Group was mainly influenced by the increase in the staff of the Banca del Mezzogiorno – Mediocredito Centrale SpA (+85), based on the need to strengthen the structure with specific skills, by Infratel Italia SpA (+29), following the increase in activities relative to the Broadband programme and seasonal mobility typical of the business of Marina di Portisco s.p.a. (+7). This upward effect was partially offset by outgoing staff, mainly relative to Banca del Mezzogiorno – Mediocredito Centrale SpA (-62), Infratel SpA (-20) and Marina di Portisco SpA (-6).

C.3 – Human resources development actions

Performance evaluations

For the second consecutive year, the Performance Evaluation project was carried out in 2020, with the aim of measuring the contribution provided by individual employees in terms of work done and organisational behaviour.
The project involved all office workers and middle managers within the parent company who were present in the company as of 31 December 2019.
Thanks to the experience and feedback obtained the previous year, the evaluation mechanism was refined and, when possible, simplified. This made reading and completion of the evaluation forms more rapid and, above all, facilitated dialogue between the evaluator and the evaluee.
As in the previous year, special attention was paid to preparing development paths to improve performance, analysed both by the evaluator and the evaluee. Reading of the evaluations and the consequent development proposals represent an initial analysis of where to focus attention when identifying future development projects and training paths.
In terms of schedule, the process saw some changes due to the exceptional nature of the year, with the entire process completed in November.

Coaching
During the year individual coaching courses were begun for 20 high potential employees and employees with management responsibilities. 10 online coaching sessions of one hour were planned for each employee. The meetings began at the start of 2021 and are still under way.

Training
2020 was definitely an exceptional year in terms of training. The need to transform in person training courses into online classes created an initial moment of difficulty for both training entities and the Human Resources department. On one hand supplier companies had to change their courses with an eye to e-learning, while the Human Resources had to change the involvement of internal resources without decreasing the quality of the services.
These difficulties had an impact on the number of courses provided, but not on the quality of them, which were in any case carried out taking into account the importance of the training relative to increasing skills and improving work behaviour within the parent company.
In 2020, training was essentially aimed at:

- focussing projects on key skills to develop for individuals or the company, including digital communication systems, project management and professional training;

- creating innovative tools and methods through programs aimed at creating, enhancing and disseminating the skills needed to achieve complex multidisciplinary projects;

- supporting individuals hired with intern contracts with the aim of creating individualised training plans, in full compliance with the regulations in effect.

The following projects were of particular interest:

Appraisers & Guidance Counsellor
A mixed course, combining training and on-the-job training, it involved persons working to manage the Remain in the South measure.
The need for the course arose in 2019, with the objective of better structuring the standards for interviews with proposing entities, preparation of the report and the role of evaluators, to make them a more reliable guide to be used with regards to our possible future beneficiaries.
Activities included the project kick off with a day of events during which, on a voluntary basis, employees could decided to participate on a Working Group (WG), to revise the model used up to that point. The WG worked to produce the new standards, cooperating with an external facilitator chosen to support us in this work, with guidelines then disseminated to the entire Area with a video. In the field experiments with the revised aspects are ongoing.

Faculty for reconstruction of areas affected by natural disasters
For temporary personnel, hired to serve as technical appraisers for reconstruction at the parent company's offices in Bologna, an experimental project was carried out to transfer skills and specialist knowledge from Invitalia staff already working in this area.
An ad hoc training plan was developed, focussed on the main technical and managerial skills, on specific and methodological areas needed to work as a technical appraiser.
The training was provided in various formats: both traditional (in the classroom) and remote, using dedicated platforms.
Providing training to temporary staff made it possible to provide an economic report for the teaching staff, meaning funds could be obtained from the FormaTemp interprofessional fund for continuing education.
Overall, **10,828** hours of training were provided in 2020. This figure, while lower than in the past, represents not just objective difficulties linked to the use of remote work, but also substantial difficulties associated with the change in training formats, from classroom to e-learning. Many activities suffered a delay and will be carried out in 2021.

Company welfare
In line with that established in the current company national collective labour contract, 31.4% of the total available bonus was converted to welfare, a significant increase (+17%) with respect to the previous year.

Using the dedicated portal, employees were able to make use of reimbursements, vouchers and payments. The most used spending categories were health, parenting and insurance.
In addition to the services portal and active conventions (with mortgages and loans at subsidised conditions always popular), Invitalia continued to invest in welfare policies by providing services that meet employees' needs (making use of constant feedback coming from the Company Welfare Ambassadors):

- health and additional insurance - the supplementary healthcare policy, renewed in July 2020, ensures employees have direct access to healthcare services in participating structures or reimbursement for care received through non-participating structures and/or doctors; additionally, for employees with permanent contracts, the company makes an annual contribution to a pension fund;
- flexibility and mobility: beyond the massive use of remote work, necessitated by the pandemic, in November a mobility survey was done, to prepare the work/home travel plan;
- psychological well-being - starting in June 2020, it was possible to make use of an online counselling service, anonymously and confidentially. Every employee can use a dedicated portal to make use of up to 5 sessions offered by a specialist, selected by the employee to best meet their requirements. Periodically the company organises, in cooperation with experts, webinars on psychological health issues, which can also be viewed on the company intranet at a later date.

Organisational well-being
Based on the results of the 2019 climate analysis, at the beginning of 2020 the company decided to organise voluntary working groups to propose initiatives to respond to problems identified in the survey (which involved three areas: manager/worker relationships, organisational citizenship and perceived inclusion). During the first months of the year the groups met and worked to design 9 initiatives which were then proposed to top management. Some of these were implemented (such as new formats on the company intranet, the diversity and inclusion principles declaration), while others are expected to be implemented in 2021.

C.4 Trade union management actions

Following the pandemic caused by the spread of COVID-19, the parent company implemented all appropriate actions to guarantee worker health and safety.
In particular, starting on 9 March 2020, in compliance with various Decrees issued to handle the health emergency, specific notifications were sent to all workers to begin remote work. On 22/10/2020 an Agreement was signed with unions to begin a remote work experiment for parent company employees, through to 30/6/2021. Rotating in office presence is planned, to be established on a weekly basis in relation to the operating requirements of various departments.

A COVID-19 Committee was established on 15/03/2020, consisting of the Security Officer, the ,manager of the Safety Management System, and coordinated by the employer's delegate, with assistance from the manager of the Health and Safety Management System and the company doctor, to manage the emergency and verify the effectiveness of actions taken, as well as to monitor compliance with regulations. The filing and conservation of evidentiary documents was guaranteed at all times, with assistance from the relevant company departments. That defined and implemented involved the union representatives and WSRs on a continuous basis, who contributed proactively throughout the emergency.
With regards to the production bonus introduced with the Agreement of 25 July 2017, on 19 November 2020 an agreement was signed between the unions and Invitalia to redefine certain parameters used to quantify the bonus, also in consideration of the effects of the pandemic on company productivity.

For the subsidiary Infratel SpA, an agreement was signed on 22 September 2020 that extended the production bonus activated in 2017 through 2020, redefining the criteria used to calculate the summary performance benchmark.

During 2020, the ordinary union relations were also managed, providing the envisaged contractual information, as well as disclosure of information required for specific needs and meetings with the Union Representatives when required. The subsidiary BDM-MCC signed an agreement with the unions to establish early retirement incentives to restructure the workforce qualitatively and quantitatively, in line with the development of the Bank called for in the 2021-23 Business Plan, approved in February, focussed on becoming a smart bank and fulfilling its role as the parent company of the newly established MCC Banking Group.

D - COMMENTS ON THE INCOME STATEMENT AND BALANCE SHEET SITUATION

D.1 Financial situation

2020 ended with profits of € 36,897,000, over 2.5 times that seen the previous year, with similarly significant improvements in terms of EBITDA and the operating result.
This performance, beyond the positive results achieved by Invitalia and Infratel, reflects the extraordinary use of the Guarantee Fund managed by MCC-BdM during the emergency, which allowed the subsidiary to achieve commission volumes that were more than double the amount seen in 2019.

The following table reclassifies the consolidated profit and loss statement items from a management perspective, comparing them with those of 2019:

RECLASSIFIED PROFIT AND LOSS ACCOUNT	2020	2019	difference
Income from services and other income	435,945	380,399	55,546
Net financial income	30,745	36,128	(5,383)
VALUE OF OPERATIONAL PRODUCTION	**466,690**	**416,527**	**50,163**
External costs and operating costs	(207,408)	(218,271)	10,863
Added value	**259,282**	**198,256**	**61,026**
Staff costs	(149,369)	(139,515)	(9,854)
GROSS OPERATING MARGIN	**109,913**	**58,741**	**51,172**
Amortisation, depreciation and provisions	(7,127)	(7,658)	531
Result from management of equity investments	57	5,333	(5,276)
OPERATING RESULT [EBIT]	**102,843**	**56,416**	**46,427**
Result from assets held for sale and net non-recurring charges	(52,801)	(33,148)	(19,653)
GROSS RESULT	**50,042**	**23,268**	**26,774**
Income taxes	(13,145)	(9,053)	(4,092)
Profit (Loss) for the year attributable to non-controlling interests	0	0	0
NET RESULT	**36,897**	**14,215**	**22,682**

The increase in the value of production was significant, over € 50 million, thanks above all to the increase in the value of production recorded by MCC-BdM, as well as that recorded by the Agency and Infratel.

Growth in external and operating costs was quite limited with respect to the increase in the value of production given that economies of scale did not lead to an increase in operating costs proportional to the increase in activities relative to the Guarantee Fund. This can also be seen in the Group's value added, which saw an increase of more than 30%.

The cost of labour also increased naturally, correlated with the increases seen in the volumes handled by the bank, as well as staff additions rendered necessary to carry out the additional activities assigned to Infratel and Invitalia.

The above made it possible to achieve extremely positive results both in terms of EBITDA and the operating result, both of which doubled the amounts seen the previous year.

Net profit, which was particularly positive, was nonetheless penalised by non-recurring charges and write-downs deriving, among other things, from provisions relative to equity investments held for sale and loans associated with MCC-BdM, as well as increased taxes.

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

RECONCILIATION OF STATUTORY AND CONSOLIDATED RESULTS

	2020	
Statutory result		**35,350**
Operating results of subsidiaries for the year	*50,021*	
Reversal of separate financial statement valuations	*(48,638)*	
net effect of subsidiaries		1,383
Elimination of intercompany reports and other accounting		164
Consolidated group result		**36,897**
Result attributable to non-controlling interests		-
Result attributable to the Parent Company		**36,897**

The net consolidated result improved with respect to the result in the parent company's individual financial statements, mainly due to the net effect of profit's and losses during the period associated with certain subsidiaries, especially Marina Portisco.
Lesser effects can be linked to:

- a positive change of € 609,000 in write-backs deriving from adjustment to IFRS accounting standards with regards to measurements of receivables/loans for consolidated companies;
- a negative change due to adjusting the current value of severance indemnities (TFR) for certain investee companies making use of national accounting standards;
- lower consolidation adjustments.

The result attributable to non-controlling interests refers to marginal stakes in Sviluppo Italia Calabria in liquidation, consolidated on a line by line basis. The amount in the 2020 financial statements is € 100, and hence is shown as zero in the table.

D.2 Balance Sheet Situation

The consolidated financial position as at 31.12.2020, appropriately reclassified, is shown in the following table:

	2020	2019
Uses:		
Ready cash	33,802	167,855
Net working capital (deferred liquidity - current liabilities)	2,206,565	1,539,664
Assets held for sale	225,840	190,652
Net equity investments	450,505	20,306
Financial fixed assets	1,024,059	819,331
Technical fixed assets	168,554	223,521
Total	**4,109,325**	**2,961,329**
Funded by:		
Shareholders' equity	805,543	765,200
Non-controlling interest funds under management (net availability)	152,221	159,976
Contributions	1,231,694	270,415
Employment severance indemnity	11,511	11,538
Provisions for risks	40,472	30,303
Financing	1,867,884	1,723,897
Total	**4,109,325**	**2,961,329**

The table shows amounts which have substantially and significantly increased with respect to the previous year, with over € 1.2 billion growth in the total absolute value of assets. The Statement of the Financial Position consists of 50% in net working capital, while financial fixed assets for the year in question account for 24% of the total.
This composition mainly reflects the contribution of Banca del Mezzogiorno - Mediocredito Centrale to the Consolidated Financial Statements, for which the balance sheet, given that it is a bank, centres around these items. The weighing down of net working capital for the parent company should also be considered, due to difficulties in reducing receivable collection times relative to public administrations.

In particular, with reference to loans to customers, the Group has a total gross amount of non-impaired loans, net of debt securities, totalling 2,386 million, including loans due to the subsidiary Banca del Mezzogiorno-Mediocredito Centrale S.p.A. for a total of € 2,104 million (1,519 million at 31.12.2019), with a coverage rate of 1.4%, consisting of gross stage 1 loans for 1,623 million with a coverage rate of 0.8% and gross stage 2 loans for 763 million with a coverage rate of 6%.

The gross value of the Group's impaired loans instead amounts to € 296 million, with provisions totalling € 177 million, with total coverage of around 38%. The gross amount of impaired loans relative to the subsidiary Banca del Mezzogiorno-Mediocredito Centrale S.p.A. is € 96.6 million, with the relative provisions totalling € 62.4 million. Hence, the net balance of impaired loans is € 34.2 million (against € 53.8 million in 2019). More specifically, bad loans amount to € 7.8 million (0.4% of loans to customers), with coverage of 76%; unlikely to pay come to € 26.3 million (1.3% of loans to customers), with coverage of 58.9%; past due exposures amount to € 0.1 million, with coverage of 10%.

In terms of liabilities, coverage of commitments is ensured by own funds and funds made available by the shareholder in the form of grants or funds to be assigned for management, accounting for over 52% of total funds, with the remaining portion essentially consisting of medium/long-term loans, for the most part attributable to MCC-BdM and, to a lesser extent, to the parent company.

Assets held for sale based on the plan to reorganise the Group's real estate assets saw an increase after the classification of real estate assets held by Invitalia, Invitalia Partecipazioni and Italia Turismo in this category, which were classified as technical fixed assets the previous year. Consequently, the technical fixed assets item saw a decrease.

The value of equity investments increased following the acquisition of BPB by MCC-BdM. As stated previously, as this company was acquired using a grant received from Invitalia, it is not consolidated in the Agency's financial statements and, therefore, the consolidated financial statements reflects the value of this equity investments as seen in the individual financial statements of MCC-BdM.

Other changes to the consolidated statement of financial position were overall limited, with the largest seen in the increase in the item contributions, mainly deriving from funds collected during the year from Infratel to develop the Ultra-Broadband Project and by the Agency for the acquisition of Banca Popolare di Bari through MCC-BdM.

The following is a reconciliation between shareholders' equity in the statutory and consolidated financial statements:

		2020
INVITALIA statutory SE		**788,864**
subsidiaries SE	*804,929*	
Reversal, value of equity investments	*(822,998)*	
net effect of subsidiaries		**(18,069)**
Valuation of equity investments		**(2,231)**
other		**77**
Consolidated group SE		**768,641**
SE attributable to non-controlling interests		(5)
Result attributable to the Parent Company		**768,646**

E - SUBSEQUENT EVENTS

Group Real Estate Rationalisation Plan

On 31 December 2020 and 4 January 2021, an agreement was signed by Invitalia and Invimit Sgr, as part of the plan to reorganise and dispose of real estate assets held by the Group which are no longer strategic. Consequently, in the initial months of 2021 due diligence work began with the aim of determining the scope of assets which will be placed in a Fund, managed by Invimit, known as i3-Sviluppo Italia. Closing of the operation is expected to occur during the current year.

Sale of Marina di Portisco

On 3 March 2021, following the public procedure to sell 100% of the equity investment in Marina di Portisco, the tender was provisionally awarded to an RTI and authorisation to proceed with the sale was requested from MED. When preparing Invitalia's separate financial statements, the value of this equity investment was aligned with the amount of the provisional award.

Sale of Marina di Arechi
On 30 December 2020, the agreement was signed by Invitalia, Invitalia Partecipazioni and Giuseppe Gallozzi & Figli to sell the shares the Invitalia Group holds in Marina d'Arechi. This contract calls for the payment of the fee over a ten-year period, including interest. Subsequently, MED was asked to give authorisation to proceed with the sale. On 14 April 2021, the shares were transferred.

Infratel Italia - Extraordinary Appeal to the Head of State

Infratel Italia, together with National Agency for the attraction of investments and business development (Invitalia), presented an Extraordinary Appeal to the Head of State, received on 16 June 2017, against the Department Decrees of 11 November 2016, 17 February 2017 and 31 May 2017, with which MED opposed the distribution of profits in favour of Invitalia as accrued by Infratel Italia relative to financial years 2013, 2014 and 2015.

These profits have been approved but at present not yet paid to the parent company, also due to the presumed need to redetermine the amounts which can be liquidated by Infratel Italia to cover operating requirements, based on periodic reports relative to the existing agreement to expand and distribute broadband services, relative to which MED withheld the amounts in question. The dispute involves the destination of profits, while the ability of Infratel Italia to achieve profits is not in question. Additionally, Infratel has also presented, together with National Agency for the attraction of investments and business development, an additional appeal against the Department Decree of 28 September 2018, with which MED withheld the profits relative to the 2016 financial statements. On 5 September 2019, a preliminary investigation report was filed in the interest of the National Agency for the attraction of investments and business development, relative to which a response from the Council of State is awaited.

In the period after the start of the proceedings regarding the Extraordinary Appeals, solely with the aim of overcoming the disagreement regarding recognition of the profits achieved by the Company from activities other than those governed by the Programme Agreements, Infratel Italian and the National Agency for the attraction of investments and business development began a dialogue intended to adjust and add to the rules contained in the Programme Agreement of 20 October 2015. The dialogue resulted in the stipulation, in October 2020, of a new Programme Agreement. Within this, article 12 governs proceeds deriving from Infratel activities in an even more explicit manner than previously, so as to overcome the ambiguities generated by the text found in the previous Programme Agreement.

Hence, the new Programme Agreement was established with the aim of clarifying and not changing the previous regulations regarding treatment of profit, with an eye to resolving the disputes which had arisen between the parties on this issue, and hopefully avoiding any new disputes.
During 2021, new conversations were begun with MED to resolve the treatment of profits from previous years in line with the new Programme Agreement and hence the dispute is on the path to resolution. However, for the sake of completeness, it should be noted that even if the pending dispute were resolved unfavourably, it would not have any economic consequences, merely leading to reclassification of certain items in the statement of financial position.

Equity investments acquired with government grants/third-party funds:

Acciaierie d'Italia Holding SpA On 14 April 2021, Invitalia subscribed a capital increase for AM InvestCo Italy SpA, the company leasing Ilva business units under extraordinary administration. This subscription was the implementation of the co-investment agreement between Arcelor Mittal Holding Srl, Arcelor Mittal SA and Invitalia, which had already been announced to the market the previous December and was intended to begin a new phase of environmentally sustainable development of Ilva in Taranto.

More specifically, as ordered by the Italian government, on 14 April 2021, Invitalia subscribed ordinary shares totalling € 400 million using capital grants coming from the Ministry of Economy and Finance and, after adhering to the capital increase, acquired 50% of voting rights for the company leasing the assets. These funds were received from the Ministry of Economy and Finance in the context of that established under article 1, paragraph 1 of Decree Law 142 of 16 December 2019, converted with amendments by Law 5 of 7 February 2020, as amended by Decree Law 104 of 14 August 2020.

Reithera and TLS

The Italian government, through the Ministry of Health and the Special Commissioner, to ensure the widest possible array of products and to accelerate the end of the pandemic, agreed to support research and experimentation of companies and Italian researchers to develop COVID-19 vaccines and pharmaceuticals.
In this framework can be seen article 34 of Decree Law 104 of 14 August 2020, converted with Law 126 of 13 October 2020, relative to which a portion of the funds of the Fund for National Emergencies were destined for research and development, the purchase of vaccines and monoclonal antibodies produced by industries in the sector (80 million in 2020 and 300 million in 2021), including through the acquisition of equity investments under market conditions.

In this context, the following companies were identified:

- **Reithera Srl**, which carries out research, development and production of clinical lots of viral vectors and which, from the beginning of the pandemic, has worked to develop a COVID vaccine;
- **TLS Sviluppo Srl**, which carries out research, development and production of monoclonal antibodies making use, among other things, of the TLS Foundation.

ReiThera Srl and TLS Sviluppo Srl presented a request to Invitalia to obtain subsidies relative to Development Contracts, both to continue research and development of vaccines and monoclonal antibodies, respectively, and to strengthen and make independent the Italian production system, guaranteeing excellent infrastructure in the biomedical field, also through projects for implementation in existing production plants. The requests were approved by the Invitalia Board of Directors on 25 January 2021 and 15 February 2021, respectively.

On 27 December 2020, the Italian Ministry of the Economy and Finance (MEF), in concert with the Ministry of Health and the Ministry of Economic Development (MED), issued a Decree regarding the plan of projects aimed at producing an Italian COVID-19 vaccine and monoclonal antibodies, authorising Invitalia to:

- acquire 27% of Reithera Srl, equal to €15,000,000.00, which is investing in industrial research and experimental development to develop and validate a process to produce the COVID-19 vaccine.
- acquire 30% of TLS Sviluppo Srl, equal to € 15,000,000.00, which is involved in an industrial investment project to activate and commission a plant to produce doses of monoclonal antibodies.

F - FORESEEABLE BUSINESS OUTLOOK

Within the macroeconomic situation outlined in the introduction, the Agency will continue to work in its area of responsibility, specifically regarding program management and serving as the contracting authority and central procurement authority and as the executive body for complex

projects, focussing its attention and skills on protecting areas and companies in crisis in order to concretely carry out the programmes approved by CIPE to redevelop offerings and fight against industrial delocalisation.
With regards to the now systemic health crisis caused by the SARS-CoV2 virus and the extraordinary economic measures at the European level, on 30 April the **National Recovery and Resilience Plan (PNRR)** was presented to in Brussels, which outlines the objectives, reforms and investments that Italy desires to achieve using the Next Generation EU funds. The government has issued a specific decree regarding policy governance, so as to definitively establish who will be responsible for spending the funds and reporting on the same to the European institutions. The PNRR will be managed at the central level, but various administrations will supervise projects.
The PNRR includes 6 missions, 16 clusters and 48 action lines. The 6 macro-missions (investment areas) can be summarised as follows:

- digitalisation, innovation, competitiveness and culture (46.3 billion),
- green revolution and ecological transition (69.8 billion),
- sustainability mobility infrastructure (31.9 billion),
- education and research (28.4 billion),
- inclusion and social (27.6 billion),
- health (19.7 billion).

In turn, these missions are broken down into 16 functional components to achieve the economic and social objectives defined in the government's strategy. These are further articulated in 48 action lines involving projects of a similar type. Individual investment projects are selected based on criteria intended to focus on transformative projects, with greater impacts on the economy and employment. Additionally, for each mission, the reforms required for more effective execution are identified, linked to the implementation of one or more components. The investments called for under the six missions will be accompanied by policies to support them, for example in terms of public administration, support for research, for the labour market and with reforms, from taxes to the justice system.
For the 6 macro-missions, the national Recovery Plan has linked three cross-sectional priorities: women, young people and the south. These three areas which must included in all the objectives of the national Plan, will be measured in terms of macroeconomic, employment and BES indicators.
The PNRR represents an extraordinary opportunity to relaunch investments in our country. In addition to the 196.5 billion in grants (68.9 billion) and loans (127.6 billion) planned for Italy in the Recovery and Resilience Facility, an additional financial contribution will come, again with reference to the Next Generation EU (NGEU), in the form of 13 billion from React-EU, which provides supplementary resources for the Cohesion Plan for 2021-2022, with the aim of strengthening the economy and employment in the areas most heavily impacted by the COVID-19 pandemic, while also serving as a bridge between the 2014-2020 and 2021-2027 cycles.
In the context of projects linked to the first programme, a distinction is made between new and existing projects. The PNRR also indicates that 21.2 billion of new projects involve projects for which current legislation has already allocated the funds needed for the relative financing, through the Development and Cohesion Fund (DCF). With respect to these projects, the PNRR will serve as an advance on the relative programming stage, with the latter falling under the decision-making procedure associated with the PNRR, in place of the usual programming procedure for the Development and Cohesion Fund.
Resources to finance the projects in question will remain unchanged and correspond to whose already indicated in the government budget programmes, in terms of public finance budgets. With reference to the additional React-EU resources, these 13 billion will be used to help carry out

projects targeting the green and digital transition, while simultaneously pursuing regional and socio-economic rebalancing and structural improvements in southern Italy, in line with the objectives established in the South 2030 Plan.
Based on that established by the European Commission, with the publication of the document on the foundations of the NGEU, shared with the new guidelines for accessing financing from the Recovery and Resilience Facility, 70% of amounts should be used between 2021 and 2022, while the remaining 30% must be spent in 2023.
Based on these facts and in the current context, Invitalia will continue to implement all the support measures called for, providing support in all areas in which the Agency operates, taking into consideration its proven experience in managing DCF funds and all the economic dynamics regarding development and support for the south and young people.

With regards to MCC, in February 2021, the Board of Directors approved the 2021-2023 Business Plan which, taking into account the situation suffering from foreseeable effects connected to the pandemic, designs and guides the strategic mission of the Mediocredito Centrale Banking Group and its competitive position in line with its basic objectives, identifying the business model to implement and indicate the process for developing the product matrix and possible new synergies, necessary to achieve strategic priorities and meet the needs of stakeholders and the market.
The addition of the Banca Popolare di Bari and its subsidiary Cassa di Risparmio di Orvieto to the new Mediocredito Centrale Banking Group will involve a significant number of the 56 administrative employees at the Bank in the implementation of a complex plan to relaunch and refocus the subsidiaries on their core business, serving their local areas.
Decree 142/2019, converted with Law 5/2020, created a new institutional and business role for MCC, serving as the foundation for the creation of a Financial District in the south. The first cooperative projects and actions regarding financial businesses in the south involved "speciality finance".
In terms of growth strategy, the new Business Plan calls for the Bank to further specialise in supporting the South and businesses, increasingly focussing on SME, also to serve as a sort of liaison for projects called for in the PNRR.
In the medium term, the goal is for MCC to become a smart bank with a digital heart, focussed on developing the economics of communities and growing the south by providing credit, guarantees, services and finance.

Finally, with reference to Infratel, among other measures the PNRR includes over 6 billion in digital investments to modernise networks and infrastructure in the black and grey areas of the country, offering a minimum capacity of at least 1 Gbit/s.
The plan also calls for the extension of 5G networks to white areas, to be identified through a new and detailed mapping of the country.
The plan calls for resources to complete connections to schools and over 12,000 healthcare structures throughout the country (hospitals, clinics and laboratories, etc.).
Infratel has already begun mapping the country to identify grey and black areas in which fixed networks built by operators have not evolved to offer services of at least 1 Gbit/s.
The initial infrastructure projects financed by the PNRR, once approved by the European Commission, will already begin in the second half of the year to ensure reporting on all spending by 2026.

Requirements pursuant to Law 190/2012, also in matters of transparency in Public Administrations

For 2021, taking into account the COVID-19 health emergency, ANAC deferred the preparation and publication of the 2020 Annual Report and 2021-2023 Three-Year Corruption and Transparency Plan to 31 March 2021.

In 2020, after the expiration of the Supervisory Body's term, the Invitalia Board of Directors decided to once again include a member who, also serving as the Corruption Prevention Manager, had been forced to resign in compliance with Determination ANAC 1134 of 8 November 2017 "New guidelines on matters of transparency and the prevention of corruption addressed to private companies and entities in which public administrations and public financial entities have an investment or controlling stake". Consequently, at the meeting on 18 March 2020, the Board of Directors appointed a new Manager of Corruption Prevention and Transparency.
Invitalia's Head of Corruption Prevention and Transparency (RPCT) prepares and updates the Corruption Prevention and Transparency Plan annually, in line with the provisions of Italian Law 190/2012 and related executive decrees, the National Anti-Corruption Plan, the ANAC rulings and the directives of the Italian Ministry of Economy and Finance.
The goal of the Plan is to prevent and mitigate the risk of corruption crimes which may affect Invitalia, through the adoption of an Internal Control System integrated with the Model pursuant to Legislative Decree 231/01. The relevant legislation, in fact, prescribes that the implementation of the Corruption Prevention Plan for private entities under public control, can be based on Model 231, if already implemented by the entity, extending its scope of application to all the crimes considered in Italian Law 190 of 2012. The concept of corruption applicable to the definition of the Prevention Plans has a broad meaning. It includes the various situations in which subjects may abuse the power/function entrusted to them for personal gain. Indeed, the relevant situations include not only the entire range of crimes against public administrations regulated in Book 2, Title 2, Chapter 1 of the Italian Penal Code, Articles 314-360, but also any situations in which - regardless of the criminal relevance - the administration is caused to malfunction due to the abuse of assigned roles for private interests.
An essential prerequisite for the preparation of the Plan is the analysis of the level of exposure to the risk of corruption to the workings of the company; this analysis is divided into the following phases:

- identification and mapping of areas at risk of crime and "sensitive" activities;
- analysis of the risk profile for each "sensitive" activity, by identifying the potentially feasible crimes and how illicit actions may be conducted;
- definition of prevention and control measures to monitor identified risks.

The three year plan for 2021-2023 will be prepared in line with the guidelines contained in the NAP issued by ANAC with Resolution 1064 of 13 November 2019 which collects, revises and consolidates, as well as simplifies, all the guidelines issued up to that point by ANAC, with regards to apply regulations on corruption prevention and transparency and, in particular, on the adoption of the relevant three year corruption prevention and transparency plans by interested entities.

More specifically, the main objectives of the new Invitalia Corruption Prevention Plan, beyond scheduled audits to ensure application of procedures and control protocols, are:

- implementing training on specific issues relative to Law 190/2012 and Legislative Decree 231/2001, in e-learning mode;
- promoting full implementation of the new whistleblowing platform (https://invitalia.segnalazioni.net/login), through specific informational initiatives;
- continuing to extend anomaly indexes, also applicable for the purposes of Legislative Decree 231/2001, to other significant areas of the company;
- obtaining certification of the anti-corruption model pursuant to ISO 37001/2016 "Anti-bribery management systems — Requirements with guidance for use", which dictates specific standards for an effective corruption prevention management system, within the timeline of the Plan;

- using the ANAC platform to prepare and public the 2021 Annual Report and the Three Year Plan for Corruption Prevention and Transparency 2022-2024, allowing the RPCTs to:
    - gain better knowledge and understanding of the most relevant methodological requirements to create the Corruption Prevention Plan;
    - monitor progress in their own Corruption Prevention Plans over time;
    - learn about past developments in Corruption Prevention Plans in the case of turnover in RPCTs;
    - monitor implementation of the Corruption Prevention Plan;
    - prepare the annual report.

Among the activities completed in 2020, the whistleblowing platform (https://invitalia.segnalazioni.net/login) was shared and began operating. A link to the same was added on Invitalia's institutional home page, while updating the procedure "Management of Corruption Reports, Irregularities and Offences". The platform can be used to report employee actions or behaviours, including actions not taken, which are in conflict with the law, regulations, the Model and/or the Code of Ethics, or in any case with regards to issues with activities carried out by Invitalia, emphasising both enhanced protection for the whistleblower and the importance of supporting a positive atmosphere of trust in which whistleblowing is part of the company culture. With regards to controls, in 2020 23 audits were performed concerning the application of protocols and procedures related to various processes exposed to risks of crimes under Law 190/2012, as well as with regards to complying with safeguards referenced in the same law (checks on the declarations of non-transferability and incompatibility and on transparency obligations).
Again in 2020, various updates were made to the Organisation, Management and Control Model (General and Special Sections) for the Legislative Decree 231 System, with the aim of strengthening controls relative to the risk of committing crimes.

Finally, with special attention paid when new employees came on board, a series of training activities were implemented during the year relative to sensitive areas in terms of corruption prevention and the Organisation, Management and Control Model pursuant to Legislative Decree 231/01

G - REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

This paragraph presents the ***Report on corporate governance and ownership structure*** which describes the main characteristics of the risk management and internal control systems related to the financial reporting process. (Article 123 -bis, second paragraph, letter b) of the Italian Consolidated Finance Act - TUF).

The governance model adopted by the parent company is the "traditional" one, characterised by the classic dichotomy between the Board of Directors and the Board of Statutory Auditors. The statutory auditing of the accounts is entrusted to an independent Auditor Firm.

The scopes of the individual corporate bodies are summarised as follows.

The Shareholders' Meeting

Pursuant to the articles of association and the current provisions of the law, the ordinary Shareholders' Meeting is called at least once a year and decides on the following matters:

- approval of the financial statements;
- appointment and dismissal of the Directors; appointment of the Statutory Auditors and of the Chairman of the Board of Statutory Auditors; determination of the relative fees;
- appointment of the Independent Auditors and determination of the related fee;
- responsibilities of the Directors and the Statutory Auditors;
- any other subject attributed by law to the competence of the Assembly.

The Extraordinary Shareholders' Meeting resolves on amendments to the Articles of Association, on the issuance of convertible bonds and on any other matter assigned by law to its competence.

Board of Directors

The management of the company rests exclusively with the Board of Directors. The Board of Directors, subject to disclosure to the shareholders, is also responsible for adjusting the company articles of association to comply with mandatory regulatory provisions which do not involve discretionary assessment of the manner of their transposition.

The Board also examines and approves the most significant financial, asset-related and equity - related transactions carried out both with third parties and with related parties.

The Board of Directors is composed of five members, appointed by a meeting of 5 December 2019, as specified below:

✓ Chair	Andrea Viero
✓ The Managing Director	Domenico Arcuri
✓ Members/Directors:	Paola Ciannavei
	Stefania Covello
	Sergio Maccagnani

Chair of the Board of Directors

The Chair, with the exception of matters reserved to law and/or the Articles of Association, officially represents the Company in Italy and abroad in relations with political institutions and authorities, and in particular with Parliaments, Governments, Ministers, Authorities, the Commission and Commissioners of the European Union, Regional Authorities and National and Supranational Economic Institutions. The Chair is also vested with the responsibility of preparing, jointly with the Managing Director, the reports to the Government and Parliament as required by current regulations, as well as reports to the political and administrative institutions and authorities. The Chair shall verify that the corporate strategies comply with prevailing national and EU legislation, and with the directives governing its purpose.

The Managing Director

The Board of Directors has delegated a number of its powers to the Managing Director who is responsible for the management of the company, having been granted all powers of ordinary and extraordinary administration, without prejudice to the legal and statutory limits and the matters reserved for the Shareholders' Meeting, to the Chair and to the Board of Directors.

The Board of Statutory Auditors

The Board of Statutory Auditors, in accordance with the Articles of Association, consists of three standing members and two alternate members.

Its duty is to verify and control:

- compliance with the law and the Articles of Association;
- adherence to principles of proper management;
- the adequacy of the organisational structure of the Company with respect to competence, the internal control system and the administrative-accounting system;
- the reliable and factual representation of operations.

It also performs the additional functions assigned to it by law and by the current regulatory and supervisory framework.

Fees for directors with powers

Based on a proposal from the Remuneration Committee and having heard from the Board of Statutory Auditors, the Board of Directors determined the amount of fees, pursuant to article 2389, paragraph 3 of the Civil Code, to be paid to the Chairman and the Managing Director.

Finally, pursuant to the By-Laws, attendance allowances cannot be paid to members of the Board of Directors and the Board of Statutory Auditors and a limit is set on remuneration that can be paid to members of Committees with consulting and proposing functions established within the Board when necessary.

With reference to the period from 2019-2021: (i) the fees for the members of the Board of Directors and the Chairman of the Board of Directors pursuant to article 2389, paragraph 1 of the Italian Civil Code were established by the Shareholders' Meeting on 5 December 2019; (ii) the Board of Directors, at its meeting on 5 December 2019, following the decisions made by the Shareholders' Meeting, granted powers over materials authorised by the Shareholders' Meeting to the Chairman, Mr. Viero, and appointed Mr. Arcuri as the Managing Director, granting them the relative powers; (iii) at its meeting on 16 December 2019, the Board of Directors, noting that Mr. Arcuri was a permanent executive of the company, with the title of General Manager and, having heard from the Board of Statutory Auditors, resolved for Mr. Arcuri (pursuant to article 2389, paragraph 3, Italian Civil Code) - in addition to the relevant executive fees - a fee as the Managing Director with a fixed amount of € 160,000.00 (one hundred sixty thousand and zero cents) and a variable part, equal to 60% of the fixed amount, linked to the achievement of objective and specific annual objectives, defined by the Board of Directors and both gross of tax and social security withholdings required under the law. At the same time, the Chairman declared his renunciation of the fees pursuant to article 2389, paragraph 3, Italian Civil Code; (iv) at its meeting on 11 June 2020, the Board of Directors, having heard from the Board of Statutory Auditors, also resolved to assign an objective to Domenico Arcuri for 2020, for which an amount would be paid, in addition to the relative variable fees, that for the executive position and the annual fees pursuant to article 2389, paragraph 3, Italian Civil Code - equal to 20% of the same variable remuneration, up to a maximum of 12% of the fixed amount.

At its meeting on 16 September 2020, the Board of Directors, noting that the chairman had indicated he had been authorised by the company at which he served as a permanent employee, approved for the Chairman, in consideration of the powers granted him, in addition to that approved by the Shareholders' Meeting on 5 December 2019 for the fee pursuant to article 2389, paragraph 1, Italian Civil Code - a fee for the administrative relationship pursuant to article 2389, paragraph 3, Italian Civil Code, in the amount of € 57,600.00 (fifty seven thousand six hundred and zero cents) gross, annually.

At its meeting on 21 January 2020, the Board of Directors resolved to establish the following Committees:

- Remuneration Committee, chaired by the attorney Stefania Covello.
- Investments Committee, chaired by Sergio Maccagnani.
- Risk Committee, chaired by the attorney Paola Ciannavei.

Pursuant to the fourth paragraph of article 16 of the By-Laws, each of the Committee Chairs were recognised remuneration of € 7,500.00 (seven thousand five hundred and zero cents) gross, annually.

At its meeting on 12 November 2020, the Board of Directors resolved to establish the Related Parties Committee and, without establishing any additional remuneration, appointed the following members:

Sergio Maccagnani, Chairman;
Attorney Paola Ciannavei, Member;
Attorney Stefania Covello, Member.

The following table, including the note (1), provides details on the total remuneration for the Chairman, Managing Director and General Manager.

Fees pursuant to article 2389, paragraph 1, Italian Civil Code

Chair	Annual fees, as Chairman
Fees for the position	50,000.00
The Managing Director	Annual fees, as Director
Fees for the position	25,000.00

(1) The previous Board examined the weight of the organisational positions within the Group through an external advisor, selected through a tender carried out in accordance with the practices required by the Italian Ministry of Economy and Finance for its subsidiaries. In line with the results of this analysis, the relative remuneration was determined. Fixed and variable remuneration for the current Managing Director and General Manager for 2019-2020 were determined in an amount identical to that already established for the previous three year period, without prejudice to the aforementioned additional objective approved by the Board of Directors at its meeting on 11 June 2020.
Total gross annual fees paid to the Chairman pursuant to article 2389, amount to € 50,000.00 pursuant to article 2389, paragraph 1, Italian Civil Code and 57,600.00 (fifty seven thousand and zero cents) pursuant to article 2389, paragraph 3, Italian Civil Code.
Total gross annual fees paid to Mr. Arcuri come to € 610,000.00, including for the position of Managing Director the fees indicated above and, for the position of General Manager, € 450,000.00, as well as the variable portions (the latter to be paid in an amount correlated with the achievement of pre-established objectives determined by the Board of Directors based on a proposal by the Remuneration Committee).

Yearly statutory audits

Independent auditing of the individual and consolidated financial statements is assigned to the auditing firm Deloitte & Touche SpA for the nine year period from 2020-2028 and, in any case, until the Shareholders' Meeting called upon to approve the financial statements as at 31 December 2028.

The internal control system

On 30 June 2004, the Parent Company adopted an **Organisation, Management and Control Model**, to comply with Italian Legislative Decree No. 231 of 8 June 2001, which attributes direct responsibility to the company in the event of certain crimes committed by directors or employees in the performance of their duties.

The adjustment process took place through the definition of the aforementioned Model, which consists of a series of documents, namely:

Code of Ethics

It highlights the criteria of conduct for all those who work in the Parent Company and in the Group, indicating the behavioural rules underlying the company's mission, so that it is carried out in compliance with the law and is based on clear and transparent rules.

The Organisation, Management and Control Model

It describes the basic principles and goals of the Model, the duties of the Supervisory Body, the procedures for the dissemination and application of content related to the Parent Company and the Companies of the Group, the types of offence as well as the provision of the disciplinary system. The model also includes organisational procedures - drafted on the basis of the mapping of risk areas - aimed at ensuring adequate preventive supervision. The decision to adopt the Organisational, Management and Control Model was taken with the aim of protecting its image, interests and the expectations of employees, shareholders, clients and the public, and to raise awareness among all collaborators and all those who work in the name and on behalf of Invitalia to adopt correct behaviour in order to avoid the commission of crimes. The Organisation, Management and Control Model has been prepared by the Agency according to the dictates of the Legislative Decree and based on the guidelines drawn up by Confindustria.

The Model was subsequently approved and adopted by the Board of Directors in accordance with the provisions of Article 6.1 of Italian Legislative Decree No. 231 of 8 June 2001, which envisions the Model as an expression of the Company's Management Body. Together with the adoption of the Organisation, Management and Control Model and in compliance with Article 6.1 b, the Board of Directors set up a Supervisory Body consisting of a panel composed of an external member with high professional skills, the Head of Internal Auditing and the Head of Corporate Legal Affairs of the Parent Company who is responsible for ensuring the Model's effectiveness, compliance and updating.

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures aimed at ensuring, through an adequate process of identification, management and monitoring of the main risks, an exercise of management that is consistent with the corporate goals defined by the Board of Directors. The Intent is to safeguard the company assets and to ensure the efficiency and effectiveness of corporate processes, the reliability of financial information and compliance with laws and regulations, as well as with the Articles of Association and internal procedures.

The Internal Control and Risk Management System is based on principles that ensure that the company's business is consistent with the applicable internal and external rules, which can be traced and documented, that the assignment and exercise of powers in the context of a decision-making process responds to the basic principles of segregation of functions, which guarantees confidentiality and compliance with privacy protection legislation.

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

The constituent elements of the Internal Control and Risk Management System of the Company are the organisational structure, the system of powers, the Organisational, Management and Control Model pursuant to Italian Legislative Decree No. 231/01, the Code of Ethics, the Control procedures and protocols, as well as the manuals and Operating Instructions.

Italian Law No. 262 of 28 December 2005 "provisions for the protection of savings and regulation of financial markets" (hereinafter Law 262/05) introduced legislative changes aimed at improving the Corporate Governance of companies listed on Italian regulated markets and ensuring the reliability, completeness, correctness and timeliness of financial information disclosed to the market.

The process of adaptation gave rise to a project in the Invitalia Group known as "Adjustment to the 262/2005 Savings Law", with the goal of ascertaining that the Internal Control Over Financial Reporting (ICFR) adopted by the Parent company was capable of ensuring the provisions of current legislation, identifying and developing any applicable improvement actions. During the project, the Agency defined rules and methods for the establishment and maintenance of the ICFR for the affected Companies for the purposes of adjustment to Italian Law 262/05.

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

The parent company has included within the Internal Control System those processes that precede the drafting of the financial statements and, in particular, those processes that are associated with the activities of the Organisation which generate data and/or information used in the preparation of the accounting documents.

The Financial Reporting officer performs the duties prescribed in the Articles of Association, observing the laws, applying the maximum professional diligence and referring to the general principles (so-called frameworks defined by the trade associations) commonly accepted as best practices in the areas related to internal control system.
On the basis of the powers defined by the Articles of Association and in full compliance with the provisions of Article 154-bis of the Italian Consolidated Finance Act, the main functions of the Financial Reporting Manager are the following:

- ✓ Preparation of a written declaration certifying that the company's annual or interim acts and disclosures to the market related to accounting matters are compliant with the documentary results, books and accounting records of the company. To this end, reference should be made to a specific procedure regulating the methods and authorisations related to the release to the public and to the financial community of so-called price- sensitive financial information.
- ✓ Preparation, in conjunction with the Human Resources Organisation and Development function, of adequate administrative and accounting procedures for the preparation of the financial statements and, where envisaged, of the consolidated financial statements, as well as any other disclosures of an economic-financial nature.
- ✓ Preparation of an appropriate statement (to be attached to the financial statements and consolidated financial statements) confirming:
    - the adequacy and effective application of administrative and accounting practices during the period to which the documents refer;
    - compliance of documents with applicable international financial reporting standards;
    - correspondence of documents with entries in accounting books and records;
    - the suitability of documents for providing a true and accurate representation of the equity, financial position and operating results of the issuer and the group of enterprises included in the consolidation;
    - that the Directors' Report on Operations accompanying the financial statements and the consolidated financial statements includes a reliable analysis of the performance and operating result, as well as the situation of the issuer and the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which the Company is exposed;

The certification is released jointly with the Managing Director in compliance with the outline approved by CONSOB.
The appointment of the Financial Reporting Manager occurred on 08 February 2012 and was renewed, pursuant to Article 4 of the Regulations on the activities of the Financial Reporting Officer, by the Board of Directors on 26 June 2018 and expires with the approval of the 2020 financial statements.

Pursuant to Article 154-bis of the Italian Consolidated Finance Act, the certification process is broken down into the into the following phases:

- ✓ definition or updating of the scope of application;
- ✓ line monitoring on the adequacy of administrative and accounting procedures; these activities are carried out by the "Financial Reporting and Support Services" Function.
- ✓ independent monitoring of the effective application of administrative accounting procedures (phases 1 and 2), performed by a subject who is not hierarchically in line with the units responsible for implementing the controls themselves and, therefore, by the Internal Auditing function
- ✓ assessment of any problems detected and certification

The process, broken down according to the phases indicated above, is repeated every year, in order to comply with the obligations to certify the financial statements and the consolidated financial statements required by paragraph 5 of Article 154-bis of the Italian Consolidated Finance Act.
Depending on the timing of the monitoring of the effective procedures application and the need to promptly detect any possible problems and/or anomalies and promptly identify the related corrective actions, two jointly addressed stages are identified wherein the Internal Auditing Function presents the Financial Reporting Officer with the following:

- Interim report on the monitoring activity, which illustrates the progress of the accounting work and a summary of any problems encountered hitherto.
- Final report on the monitoring activity, following the annual closure of operations and intended for the annual certification pursuant to paragraph 5, which includes the summary of any anomalies or problems detected and any other supporting information on the assessment of the adequacy and effective application of the administrative accounting procedures.

Main characteristics of the Internal Control and Risk Management System in relation to the financial reporting process, pursuant to Article 123-bis, paragraph 2, point (b) of the Italian Consolidated Finance Act

The risk management and internal control system governing the financial reporting process has the goal of ensuring the reliability, accuracy, reliability and timeliness of the reporting process itself.

The main phases of the System:

1. Identification of financial reporting risks: this phase involves the analysis of the most significant corporate processes in terms of potential impact on the financial disclosure performed by the parent company. In this context, we analyse the possible risks of both error and fraud that could potentially affect financial reporting outcome.

2. Identification of controls against identified risks: based on the analysis of the financial reporting process, the controls envisaged by the process are identified to ensure compliance with the related risk mitigation, containment and elimination objectives.

3. Assessment of controls against the risks identified on a regular basis.

4. Verification of the effectiveness of controls against identified risks.

The following are the main risks identified based on the nature of the risk, with a summary description of the most significant elements.

<u>Counterparty Risk:</u>

The main risks concern the evolution of relations with Clients during the operational management of the signed agreements. This risk is distinguished by the component linked mainly to the operational capability of Clients and the strong coordination between the company structures and the Clients themselves.

<u>Operational risk:</u>

These are risks related to the operational processes of the parent company, from the organisation of the project management structures, to the planning of the activities envisaged by the contracts, up to the implementation of these activities as requested. These risks concern both the ability in the contract start-up phase to plan the timely definition of the organisational structure necessary for the purpose and execution of the same. Similarly, IT risks linked to proper execution of activities are periodically monitored, both in terms of system integrity and in terms of proper management of the IT platforms used to develop activities and manage them over time.

Compliance risk:

These are the risks connected to regulatory obligations, whether of an external nature, such as legislative, tax or contractual obligations in the broad sense, or internal factors, such as compliance with the Group Code of Ethics and the company's procedural system.

Reporting risk:

The risks associated with reporting activities concern the preparation and monitoring of the economic and financial information required for the official legally mandated disclosures. Certain recent IFRS regulatory developments have led to the assessment, in terms of reporting, of the aspects related to the correct application of accounting standards.

Liquidity risk:

The category includes the risks associated with the ability to generate liquidity from current assets and to access, within the mandate limits, financial markets for the issuance of debt instruments and the management of treasury functions, both central and peripheral. The management of financial risk is managed in accordance with the company requirements with a medium-long term time horizon, in compliance with short-term operational needs. Within the client contract management context, the payment collection times and their monitoring are defined.

Legal risk:

These risks of a legal nature refer to the legal obligations concerning the aspects related to the management of contracts and the internal management of the current trends.

Fraud Risk:

The risk that certain intentional dishonest and deceptive actions could be implemented, internally or externally, directly or indirectly, with the intent of subtracting value and/or causing economic damage, to the advantage of those committing the action.

In order to address all the aforementioned risks, the parent company adopts a system of procedures and control protocols (Management and Control Organisation Model and Code of Ethics) which, in a logic of integration, have been strengthened with the adoption of the Prevention of Corruption and Transparency Plan (PPCT), drafted pursuant to Italian Law 190/2012, in order to strengthen the controls aimed at preventing corruption and fraud. In fact, the regulations establish for private law entities under public control implementation of the Prevention of Corruption Plan may be based upon the Organisation, Management and Control Model, adopted pursuant to Italian Legislative Decree No. 231/01, if already created by the entity, extending the scope of application to all crimes considered, both active and passive, by Law 190 of 2012.

The Internal Audit function is responsible for undertaking systematic interventions, including inspections, to verify the correct performance of company processes in compliance with the provisions of the Integrated Organisation, Management and Control Model.

Following risk area mapping, in line with that already established in the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/01, control systems were identified with the aim of preventing crimes of corruption and managing the associated risks.

The main risk prevention intervention tools are the adoption of control procedures and protocols, which consist of the formalisation of a sequence of behaviours aimed at guiding and orienting the development of identified sensitive/instrumental activities. In addition, the management measures identified in the CPTP are further developed by specific procedures and integrated into the internal regulatory corpus of the Company, in cases where greater exposure to crime risk has been judged likely.

In the formalisation of the control procedures and protocols, in fact, there are sections dedicated preventing and fighting corruption. These are notified to all employees via email and are also always accessible via the company Intranet. The Head of Corruption Prevention, appointed by the Board of Directors, is tasked with drafting the yearly CPTP proposal as well as:

- verifying the effective implementation of the CPTP and its suitability, proposing applicable modifications in cases of ascertained significant violations or in the event of changes in the organisation or in the actions performed;
- monitoring the implementation and compliance with the protocols and measures envisaged by the Plan within the areas of competence;
- promoting "anti-corruption" training activities for personnel, verifying their effective implementation;
- verifying the effective segregation of roles, where appropriate and expected, in the offices/functions responsible for carrying out the activities in which corruption crime risk is greatest;
- promoting, in cooperation with the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001, the dissemination and knowledge of the Model and Code of Ethics;
- managing the communication channels for reporting illegal and/or suspicious behaviour and/or not in line with the rulings/protocols established by the Code of Ethics and Model 231;
- managing the anomalies and violations found, or the reports received, also through appropriate channels of cooperation/communication with the Supervisory Body, with the activation of specific inspections;
- annually reporting on the activity to the Chair and to the Managing Director, in fulfilment of the informative requirements to the Board of Directors, or in all cases deemed appropriate.

With reference to MCC, in terms of the function responsible for coordinating and operational management of the internal control model required under Law 262/05, with regards to protection of savings (article 154-bis of the Consolidated Finance Act), the Financial Reporting Officer, is required to establish, and effectively apply, adequate administrative and accounting procedures to prepare the annual financial statements, as well as all other financial communications issued to the market.

In order to comply with that established under the regulations, the Bank has adopted an Internal Control System which involves application of a shared methodological structure, based on:

- the use of a homogeneous model which refers to internationally recognised methodological standards (CoSo);
- constant updating of the model, assigning specific responsibilities to the relevant entities;
- dissemination of the model through training programmes.

Additionally, the Financial Reporting Internal Control System (FICS) Guidelines have been approved which govern, in compliance with that established under article 154-bis of the TUF, the criteria and methodologies and identify roles and responsibilities.

The provisions of the FICS fall within the Bank's overall internal control system and are consistent with the current regulatory requirements. Additionally, the "Procedure for managing 262/05 compliance" governs operating activities and methodological tools to establish and maintain the Bank's Internal Control System for Financial Reporting, as well as assessing its adequacy and operational effectiveness, consistent with the roles and responsibilities defined in the FICS.

Relative to Infratel, note that during 2020 certain management documents governing risk processes/assets were prepared and approved. In addition, certain improvements identified during audits carried out on company processes were shared with the parent company's Internal Audit unit, which determined that the internal control and risk management system is on the whole adequate, as it operates effectively and efficiently. The correct actions identified merely involve fine tuning.

Finally, regarding transparency, it should be noted that the related Plan was revised, following the issue of a bond listed on a regulated market. Consequently, from 20 July 2017, pursuant to the provisions of Article 2-bis, par.2, letter b) of the decree itself and Article 26 par. 5 of Italian Legislative Decree No. 175/2016, applicability of the provisions pursuant to Italian Legislative Decree No. 33/2013 is excluded for Invitalia and companies in the Group. In any case, data referenced in the following regulations will continue to be published on the company website, organised according to the format indicated in Annex 1 to the ANAC resolution no. 1134 of 8 November 2017, namely:

- Italian Law no. 190 of 6 November 2012 - "Provisions for the prevention and repression of corruption and illegality in public administrations";
- as in Italian Legislative Decree No. 39 of 8 April 2013, "Provisions on the subject of non-disclosure and incompatibility of positions with public administrations and with private entities under public control";
- as in Italian Legislative Decree No. 50/2016 with reference to the transparency obligations set out therein.

H - INFORMATION PURSUANT TO ARTICLE 2428 OF THE CIVIL CODE, PARAGRAPH 3

Research and development

During the year, the Parent Company did not make significant investments in research and development activities.

Treasury shares

The Parent Company does not directly or indirectly own treasury shares.

Secondary Locations

None

Management and coordination

Pursuant to the provisions of Article 19 paragraph 6 of Italian Law 102/09, it should be noted that the Parent Company is not subject to management and coordination by another company or body pursuant to Article 2497 of the Italian Civil Code.

Consolidated Financial Statement

CONSOLIDATED FINANCIAL STATEMENTS

		thousands of euro
STATEMENT OF FINANCIAL POSITION	**31.12.2020**	**31.12.2019**
ASSETS		
10. CASH AND CASH EQUIVALENTS	121	1,067
20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	85,605	91,544
a) Financial assets held for trading	*11,289*	*19,172*
b) Financial assets at fair value	*-*	*-*
c) Other financial assets obligatorily measured at fair value	*74,316*	*72,372*
30. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	949,743	747,966
40. FINANCIAL ASSETS MEASURED AT AMORTISED COST	3,755,325	2,783,430
a) Receivables from banks	*1,063,375*	*650,266*
b) Receivables from financial companies	*62,082*	*97,258*
c) Receivables from clients	*2,629,868*	*2,035,906*
50. HEDGING DERIVATIVES	90,202	88,039
70. EQUITY INVESTMENTS	460,127	30,190
80. PROPERTY, PLANT AND EQUIPMENT	197,413	278,251
90. INTANGIBLE ASSETS	34,682	8,811
100. TAX ASSETS	35,946	27,619
a) Current	*10,162*	*10,182*
b) Deferred	*25,784*	*17,437*
110. NON-CURRENT ASSETS AND ASSET GROUPS HELD FOR SALE	304,886	263,106
120. OTHER ASSETS	280,881	166,444
TOTAL ASSETS	**6,194,931**	**4,486,467**
LIABILITIES		
10. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	3,151,274	2,558,762
a) Payables	*2,266,058*	*1,672,555*
b) Securities issued	*885,216*	*886,207*
40. HEDGING DERIVATIVES	-	*2,248*
50. VALUE ADJUSTMENTS OF MACRO HEDGED FINANCIAL LIABILITIES (+/-)	-	-
60. TAX LIABILITIES	17,669	2,825
a) current	*16,824*	*2,742*
b) deferred	*845*	*83*
70. LIABILITIES ASSOCIATED WITH ASSET GROUPS HELD FOR SALE	79,046	72,454
80. OTHER LIABILITIES	2,089,416	1,043,138
90. EMPLOYEE SEVERANCE LIABILITIES	11,511	11,538
100. PROVISIONS FOR RISKS AND CHARGES	40,472	30,302
110. CAPITAL	836,384	836,384
150. RESERVES	(68,453)	(82,539)
160. VALUATION RESERVES	720	(2,855)
170. PROFIT (LOSS) FOR THE YEAR	36,897	14,215
180. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(5)	(5)
TOTAL LIABILITIES	**6,194,931**	**4,486,467**

CONSOLIDATED FINANCIAL STATEMENTS

		thousands of euro
PROFIT AND LOSS ACCOUNT	**31.12.2020**	**31.12.2019**
10. INTEREST AND SIMILAR INCOME	47,301	44,556
of which: interest income calculated with the effective interest method	-	-
20. INTEREST AND SIMILAR EXPENSE	(25,704)	(21,260)
30. NET INTEREST INCOME	**21,597**	**23,296**
40. COMMISSION INCOME	416,835	372,789
50. COMMISSION EXPENSE	(164,549)	(177,027)
60. NET COMMISSIONS	**252,286**	**195,762**
70. DIVIDENDS AND SIMILAR INCOME		
80. NET RESULT FROM TRADING ACTIVITIES	(111)	1,380
90. NET RESULT FROM HEDGING ACTIVITIES	26	(105)
100. PROFIT (LOSS) FROM SALE OR REPURCHASE OF:	8,697	10,298
a) Financial assets measured at amortised cost	*(92)*	-
b) Financial assets measured at fair value through other comprehensive income	*8,789*	*10,298*
110. NET RESULT OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	536	1,259
a) Financial assets and liabilities designated at fair value	*741*	*1,343*
b) Other financial assets obligatorily measured at fair value	*(205)*	*(84)*
120. NET BANKING INCOME	**283,031**	**231,890**
130. NET VALUE ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATIVE TO:	(31,166)	(19,815)
a) Financial assets measured at amortised cost	*(30,691)*	*(19,793)*
b) Financial assets measured at fair value through other comprehensive income	*(475)*	*(22)*
140. PROFIT/LOSS FROM CONTRACTUAL CHANGES WITHOUT CANCELLATIONS	95	*(288)*
150. NET RESULT OF FINANCIAL MANAGEMENT	**251,960**	**211,787**
160. ADMINISTRATIVE EXPENSES:	(192,228)	(180,759)
A) Personnel costs	*(149,369)*	*(139,515)*
b) Other administrative expenses	*(42,859)*	*(41,244)*
170. NET PROVISIONS FOR RISKS AND CHARGES	(18,819)	(7,472)
a) Commitments for guarantees given	*(2,235)*	(1,131)
b) Other net provisions	*(16,584)*	(6,341)
180. NET VALUE ADJUSTMENTS/WRITE-BACKS ON PROPERTY, PLANT AND EQUIPMENT	(19,190)	(22,794)
190. NET VALUE ADJUSTMENTS/WRITE-BACKS ON INTANGIBLE ASSETS	(5,705)	(2,270)
200. OTHER OPERATING EXPENSE/INCOME	36,878	25,016
210. OPERATING EXPENSE	**(199,064)**	**(188,279)**
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	57	5,333
250. PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	-	-
260. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**52,953**	**28,841**
270. INCOME TAXES FOR THE YEAR FROM CONTINUING OPERATIONS	(13,145)	(9,053)
280. PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**39,808**	**19,788**
290. PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAX	(2,911)	(5,573)
300. PROFIT (LOSS) FOR THE YEAR	**36,897**	**14,215**
310. PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-
320. PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	**36,897**	**14,215**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	STATEMENT OF COMPREHENSIVE INCOME	2020
10.	**Profit (Loss) for the year**	**36,897**
	Other income, net of taxes not reclassified to profit or loss account	
70.	Defined-Benefits plans	(236)
90.	Portion of valuation reserves for equity investments measured at equity	3,811
	c) other changes	*3,811*
	Reserve Article 47	(20,456)
	Other income components, net of taxes, reclassified to profit or loss account	
190.	**Minority consolidated other comprehensive income**	**(16,881)**
200.	**Parent Company's consolidated other comprehensive income**	**20,016**
210.	**Consolidated comprehensive income attributed to non-controlling interests**	
220.	**Comprehensive income attributable to the parent company**	**20,016**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31.12.2018 - 31.12.2019

	Balance as at 31.12.2018	change in opening balances	Balance as at 01.01.2019	Allocation of previous year's result		Changes in the financial Year		Comprehensive income financial year 2019	Group shareholders' equity as at 31.12.2019	Minority Shareholders' Equity as at 31.12.2019
				Reserves	Dividends and other purposes	Changes in Reserves	Operations on shareholders' equity			
Capital	836,384		836,384						836,384	
Reserves	(81,738)	(13,065)	(94,803)	7,881		5,047		(664)	(82,539)	(5)
a) Profit reserves	*(84,419)*	*(13,065)*	(97,484)	*7,881*		*5,047*		*(664)*	*(85,220)*	*(5)*
b) Other reserves	*2,681*		*2,681*						*2,681*	
Valuation reserves	(9,878)		(9,878)			2,603		6,913	(2,855)	
Profit (Loss) for the year	7,881		7,881	(7,881)				14,215	14,215	
Shareholders' equity	**752,649**	**(13,065)**	**739,584**			**7,650**		**20,464**	**765,205**	
Minority Shareholders' Equity	**(26)**									**(5)**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31.12.2019 - 31.12.2020

	Balance as at 31.12.2019	change in opening balances	Balance as at 01.01.2020	Allocation of previous year's result		Changes in the financial Year		Comprehensive income financial year 2020	Group shareholders' equity as at 31.12.2020	Minority Shareholders' Equity as at 31.12.2020
				Reserves	Dividends and other purposes	Changes in Reserves	Operations on shareholders' equity			
Capital	836,384		836,384						836,384	
Reserves	(82,539)		(82,539)	14,215		20,327		(20,456)	(68,453)	(5)
a) Profit reserves	(85,220)		*(85,220)*	*14,215*		*20,327*			*(50,678)*	
b) Other reserves	2,681		*2,681*					*(20,456)*	*(17,775)*	
Valuation reserves	(2,855)		(2,855)					3,575	720	
Profit (Loss) for the year	14,215		14,215	(14,215)				36,897	36,897	
Shareholders' equity	**765,205**		**765,205**			**20,327**		**20,016**	**805,548**	
Minority Shareholders' Equity	**(5)**									**(5)**

CONSOLIDATED STATEMENT OF CASH FLOWS (Indirect method)

A. OPERATING ACTIVITY	Amount	
	31.12.2020	31.12.2019
1. Management	**119,063**	**68,409**
- result for the year (+/-)	36,897	14,215
- capital gains/losses on financial assets held for trading and on other assets/liabilities at fair value through profit and loss (-/+)	(609)	(1,546)
- capital gains/losses on hedges (-/+)	(26)	105
- net value adjustments/write-backs for credit risk (+/-)	30,728	15,394
- net value adjustments/reversals on property, plant and equipment and intangible	25,435	25,064
- net provisions for risks and charges and other costs/revenue (+/-)	15,381	5,765
- net premiums not collected (-)		
- other insurance income and expense not collected (+/-)		
- taxes and tax credits not liquidated (+/-)	12,659	9,399
- net value adjustments on discontinued operations after tax effects (-/+)	(338)	-
- other adjustments (+/-)	(1,064)	13
2. Liquidity generated/absorbed by financial assets	**(942,947)**	**(196,016)**
- financial assets held for trading	7,882	45,168
- financial assets at fair value	814	(6,400)
- other assets obligatorily measured at fair value	(2,148)	(4,446)
- financial assets measured at fair value through other comprehensive income	(197,877)	(32,215)
- financial assets measured at amortised cost	(552,628)	(202,342)
- other assets	(198,990)	4,219
3. Liquidity generated/absorbed by financial liabilities	**850,931**	**83,850**
- financial liabilities measured at amortised cost	717,105	115,082
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	133,826	(31,232)
Net liquidity generated/absorbed by operations	**27,047**	**(43,757)**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**274**	**4,777**
- sales of equity investments	269	4,777
- dividends received from equity investments	-	-
- sales of property, plant and equipment	5	
- sales of intangible assets	-	
- sales of business units	-	-
2. Liquidity absorbed by	**(9,034)**	**(5,585)**
- purchases of equity investments	(517)	-
- purchases of property, plant and equipment	(3,761)	(28,683)
- purchases of intangible assets	(4,756)	23,098
- purchases of subsidiaries and business units	-	-
Net cash generated/absorbed by investing activities	**(8,760)**	**(808)**
C. FUNDING ACTIVITIES		
- treasury shares issues/purchases	-	-
- equity instrument issues/purchases	-	-
- distribution of dividends and other purposes	-	-
- sale/acquisition of control to/from minority interests	-	-
Net cash generated/absorbed by financing activity	**-**	**-**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**18,287**	**(44,565)**

RECONCILIATION	31.12.2020	31.12.2019
Cash and cash equivalents at the start of the year	85,169	129,734
total net liquidity generated/absorbed in the year	18,287	(44,565)
Cash and cash equivalents at the end of the year	**103,456**	**85,169**
of which assets held for sale		**7,548**
Reconciliation		
available on demand for current operations)	*103,405*	*76,554*
Item 10- Cash and cash equivalents	*121*	*1,067*
Cash and cash equivalents at year-end Assets held for sale		*7,548*
Cash and cash equivalents at the end of the year	**103,526**	**85,169**
ITEM 40- Receivables from Banks-Deposits and current accounts		
Item 40 - Receivables from Banks-Deposits and current accounts (financial resources available on demand for current operations)	*103,405*	*76,554*
Item 40 - Current account and deposits available (financial resources restricted for disputes)	*16,918*	*16,960*
constrained financial resources for implementing subsidy measures	*263,579*	*227,273*
financial resources exclusively dedicated to contracts and/or agreements	*641,618*	*275,377*
ITEM 40- Receivables from Banks-Deposits and current accounts	**1,025,520**	**596,164**

Notes to the consolidated financial statements

Part A - ACCOUNTING POLICIES

A.1 – General section

Section 1 - Declaration of compliance with international financial reporting standards

These financial statements have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission through 31 December 2020, as required by European Union Regulation no. 1606/2002 implemented in Italy by Legislative Decree 38 of 28 February 2005, with the exception of the derogation on application of these standards used by the Company, as provided under article 47 of the Decree Law of 19 May 2020, converted with Law 77 of 17 July 2020 (hereafter, article 47), and described below, with regards to the preparation of these financial statements, in accordance with paragraph 19 of IAS 1 in the presence of exceptional cases. To that end, applying what is established in paragraph 20 of IAS 1, the Directors note:

1. they hold that these financial statements provide a reliable representation of the entity's financial and equity position, its economic results and cash flows;
2. the applicable IFRS were respected, with the exception of recognising specific impacts in the statement of comprehensive income rather than in the income statement, in contrast with the following international accounting standards, so as to obtain more reliable presentation of the facts, as established under article 47:
   a. IFRS 5, for recognition of the aligment at fair value, less costs to sell, based on what is established in this international accounting standard, of assets falling under the scope of article 47 and more specifically:
      i. € 4,708,086 for the fair value measurement less costs to sell for the real estate asset represented by the Capodichino Hangar in Naples, held by Invitalia.
      ii. € 7,724,648 for the fair value measurement less costs to sell for real estate assets held by Italia Turismo
      iii. € 8,023,216 for the fair value measurement less costs to sell for real estate assets held by Invitalia Partecipazioni

In the preparation of the annual financial statements, schedules and rules for completion were observed pursuant to the provision issued by the Governor of the Bank of Italy on 30 November 2018, "IFRS instructions for financial statements of intermediaries other than bank intermediaries", also taking into account the 27 January 2021 communication of the Bank of Italy regarding the impacts of COVID-19, measures to support the economy and amendments to the IAS/IFRS. (hereafter, the "Instructions").

In this regard, please noted that the Agency was exempted by the MEF decree dated 10/10/2012 from the application of the regulation pursuant to Title V of the T.U.B., as it is subject to other forms of equivalent supervision (MEF, Court of Auditors). This exemption does not change the company's standing as a "Financial Intermediary" and, consequently, does not affect the governance of the financial statements as previously indicated and applied continuously over time. In particular, usage of the Instructions to prepare the financial statements was held to be the preferable solution by Invitalia for preparation of its financial statements, even if the decision to use these schedules derived from a specific desire held by Invitalia and not a requirement, given that the requirement to prepare the annual financial statements based on the Instructions applies only to the entities listed under paragraph 1.1 of the said Instructions. Given that Invitalia, as noted, is not included in the entities listed under paragraph 1.1 of the Instructions, as an issuer of listed debt securities it must use the IAS/IFRS international accounting standards to prepare its financial statements without, however, the requirement to comply with the Instructions.

Nonetheless, for the reasons indicated above, Invitalia has decided it wishes to adopt them. The foregoing is stated also on the basis of a pro veritate legal opinion issued by a qualified professional.

Derogation from application of international accounting standards

As anticipated above, when preparing these financial statements, limited to certain aspects and for reasons described below, the decision was made to derogate from the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2020, as required by European Union Regulation no. 1606/2002, implemented in Italy by Legislative Decree 38 of 28 February 2005.

Reasons for the derogation
During 2020 a specific legal provision took effect which governs certain accounting aspects associated with operations to dispose of real estate assets by the National Agency for the attraction of investments and enterprise development SpA (Invitalia). More specifically, this is article 47 of the Decree Law of 19 May 2020, converted by Law 77 of 17 July 2020 (the so called Relaunch Decree), which establishes: *"In order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia SpA is authorised to enter solely in its balance sheet accounting records any decreases resulting from real estate rationalisation and disposal transactions carried out, also through newly incorporated or publicly controlled companies, including those indirectly controlled. Reorganization and transfer operations shall be subject to the provisions of Art. 1, paragraph 461, last period of law 2006 december 27 n. 296."*

This article governs certain accounting aspects connected with real estate disposal operations carried out by Invitalia, to ensure the full and effective execution of the company mission and the achievement of the objectives contained in its business plan and in current legislation, establishing that the effects of these operations be recognised in the statement of comprehensive income rather than in the income statement. The business plan, prepared and approved by the parent company Invitalia SpA and by MED and being applicable to the entire Group, indicates actions to be implemented by Invitalia and by its subsidiaries Italia Turismo SpA and Invitalia Partecipazioni SpA and is binding for these subsidiaries, which own most of the assets involved in the reorganisation.

In this context, in December 2020, Invitalia signed an agreement with Investimenti Immobiliari Italiani SGR SpA, which like Invitalia is also controlled by the MEF, which defined the scope of assets included in the referenced real estate rationalisation and disposal operations. The scope consists for the most part of assets held by the fully controlled subsidiaries Italia Turismo SpA and Invitalia Partecipazioni SpA.

To that end, while awaiting completion of these real estate rationalisation and disposal operations, the accounting methods described above were used in the financial statements as at 31 December 2020:

- in the consolidated and individual financial statements: for write-downs deriving from aligning the book value of real estate assets included in these real estate operations to market value less costs to sell, if lower, in compliance with IFRS 5
- in only the individual financial statements: for the write-down deriving from aligning the book value to the market value less cost to sell relative to the equity investment classified pursuant to IFRS 5, limited to the portion of this write-down deriving from aligning the book value of real estate assets included in the cited real estate operation held by the investee company only if the market value was lower
- in only the individual financial statements: to register impairment based on that established under IAS 36 relative to the equity investment not classified pursuant to IFRS 5, limited to

the portion of deriving from aligning the book value of real estate assets included in the cited real estate operation held by the investee company to the market value only if lower.

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

- there is not incompatibility between what is established under article 47 of the Relaunch Decree and the EU source governing the IAS/IFRS, which allows for derogations in extremely rare circumstances;
- article 47 of the Relaunch Decree represents a clear case of an extremely rare circumstance, such as to justify not applying the ordinary IAS/IFRS rules regarding the representation in the financial statements of decreases in value for real estate generated by the effects of a rationalisation operation called for in the business plan, used to implement a specific regulation relative to the same;
- for accounting purposes, such decreases relative to the group of real estate assets nearing sale should, based on their nature, first pass through "other components of the Statement of Comprehensive Income" in IAS/IFRS financial statements and then are recognised as a reduction of shareholders' equity.

It is held that application of article 47 of the Relaunch Decree constitutes a sort of legal "extremely rare circumstance", which justifies the temporary non-application of the ordinary rules, to make use of a rule not indicated in the reference accounting standards, for the following reasons:

1) it is an extremely rare circumstance, never before seen: the exceptional nature of the case is clear from the very start of the regulation ("In order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia SpA is authorised…").
2) Invitalia and its subsidiaries carry out disposal transactions in the context of a well-defined regulatory framework: this is a required action, to be carried out despite the entirely extraordinary global situation created by the COVID-19 pandemic. This situation is entirely out of the ordinary, unprecedented in the modern economic climate, which is noted in the technical report for the Relaunch Decree, which commenting on article 47 notes that the rationalisation plan which Invitalia and its subsidiaries must carry out will occur in a particularly unfavourable moment in terms of the general economy and more specifically the real estate sector, especially because there is a limited time period during which it is to be carried out.
3) Hence, in this exceptional situation, it can be legitimately asked whether ordinary representation "would be so misleading as to be in conflict with the purposes of the financial statements". The purpose of the financial statements is to provide useful information to capital providers to allow them to make decisions about the company. In the case at hand, it seems legitimate to assume that a representation of the decreases in value required by the regulations, carried out under entirely exceptional circumstances (i.e. the current ones) could lead to misleading results. Income determined in this manner would neither faithfully represent company performance nor the ability of management to administer the company's resources. The simultaneous nature of the regulatory structure which Invitalia and its subsidiaries must comply with and the exceptional time during which this must occur would make this result entirely nonsensical and unable to provide useful information about the income and cash flows the company will be able to produce in the future.
4) It is substantially a loss required by the law, which the directors cannot avoid given the regulatory framework under which they operate and the tasks assigned to Invitalia and its subsidiaries by the law.
5) In this perspective, it can be concluded that article 47 of the Relaunch Decree represents a clear case of a regulatory extremely rare circumstance, such as to justify not applying the ordinary rules regarding the representation of decreases in value for real estate generated

by the effects of a rationalisation operation called for in the business plan, used to implement a specific regulation on the matter.

6) For the sake of completeness, it should be noted that the provision in question is part of a group of legislative initiatives undertaken after the beginning of the current health emergency in Italy. It consists of a sequence of laws distinguished by a need to introduce extraordinary provisions and derogations from regular rules.

Finally, the reasons based on which it is held that the equity and economic effects associated with the real estate rationalisation and disposal operations can be recognised already in the Invitalia financial statements as at 31 December 2020 can be found in the obligatory nature of the derogation envisaged. This is a provision which imposes an obligation when an exceptional case arises, to then be recognised in the 2020 financial statements. In effect, the exceptional case refers to the losses deriving from implementing the Invitalia business plan. Part of the losses already arose in 2020 as a consequence of the write-downs carried out, partially in view of their sale, planned for 2021.
When the presumable recoverable or realisable value based on market trends is lower than the book value, the asset still in the financial statements is written down.
In this sense, it should be emphasised that all the losses recorded in 2020, as well as those recognised in 2021, are a manifestation of the extremely rare circumstance which allows these losses to not pass through the Income Statement.
The indications supplied above refer both to Invitalia's annual financial statements and to those of the subsidiaries which hold the real estate assets involved in the rationalisation and disposal plan.

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

The impact of the cited derogation relative to Invitalia's Statement of Profit and Loss at 31 December 2020 is around € 20 million in lower costs, in application of the circumstances described above. Hence, the application of the derogation generated a lower loss compared to the one for the period that would have been recorded in the absence of this derogation.

The derogation had no impacts on final shareholders' equity as at 31 December 2020 or on the Company's financial situation.

IFRS accounting standards, amendments and interpretations applied as of 1 January 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time as of 1 January 2020:

- On 31 October 2018, IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". It introduced a change to the definition of "material" contained in the standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This amendment was intended to make the definition of "material" more specific and introduced the concept of "obscured information" besides the concepts of omitted or misstated information already found in the two standards being amended. The amendment clarifies that information is "obscured" when it is described in such a way as to produce in the readers of financial statements an effect similar to that produced if the same information had been omitted or misstated.
  The adoption of this amendment had no effects on the Company's annual financial statements.

- On 29 March 2018, the IASB published an amendment to "References to the Conceptual Framework in IFRS Standards". The amendment is effective for periods beginning on or after 1 January 2020, but early application is allowed. The Conceptual Framework defines the fundamental concepts for financial disclosure and guides the Council in developing the IFRS standards. The document helps to guarantee that the Standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting standards when no IFRS applies to a given transaction and, more generally, helps interested parties to understand and interpret the Standards.
  The adoption of this amendment had no effects on the Company's annual financial statements.

- On 26 September 2019, the IASB published a document titled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". This document amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, as well as IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment adjusts certain requirements established for applying hedge accounting, creating temporary derogations from the same to mitigate the impacts deriving from uncertainties about the IBOR reform regarding future cash flows in periods prior to completion of the same. The amendment also requires companies to provide additional information in their financial statements regarding hedging relationships directly affected by the uncertainties generated by the reform and to which the stated derogations have been applied.
  The adoption of this amendment had no effects on the Company's annual financial statements.

- On 22 October 2018, IASB published the document "Definition of a Business (Amendments to IFRS 3)". The document provides clarifications on the definition of a business for the purposes of properly applying IFRS 3. More specifically, the amendment clarifies that while a business generally produces an output, the presence of an output is not strictly required to identify a business, in the presence of a combination of assets/processes and goods. Nonetheless, to meet the definition of a business, the combination of assets/processes and goods must include, as a minimum, an input and a substantial process that together contribute significantly to the ability to create an output. To that end, the IASB replaced the phrase "capacity to create output" with "capacity to contribute to the creation of output" to clarify that a business can exist without the presence of all the inputs and processes necessary to create an output.
  The amendment also introduced an optional concentration test which makes it possible to exclude the presence of a business if the price paid substantially refers to an individual asset or group of assets. The amendments apply to all business combinations and asset acquisitions after 1 January 2020, but early application is allowed.
  The adoption of this amendment had no effects on the Company's annual financial statements.

- On 28 May 2020, IASB published the document "COVID-19 Related Rent Concessions (Amendment to IFRS 16)". The document grants lessees the right to recognise reductions in rent connected to COVID-19 without having to carry out contract analysis to determine whether the IFRS 16 definition of a lease modification is met. Hence, lessees who make use of this right can recognise the effects of rent reductions directly in the Statement of Profit and Loss as of the date the reduction takes effect.
  The adoption of this amendment had no effects on the Company's annual financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet obligatorily applicable and not adopted in advance by the Company as at 31 December 2020

- On 28 May 2020, the IASB published an amendment titled "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". These amendments allow the extension of the temporary exemption from applying IFRS 9 to 1 January 2023, for insurance companies. These amendments take effect as of 1 January 2021.
  The Directors do not expect any significant effects on the annual financial statements due to adoption of this amendment.

- On 27 August 2020, in the light of the Interest Rate Benchmark Reform (IBOR), the IASB published the document "Interest Rate Benchmark Reform—Phase 2", which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All these amendments take effect as of 1 January 2021.
  The Directors do not expect any significant effects on the annual financial statements due to adoption of this amendment.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

As of the reporting date of this document, the relevant European Union bodies had not yet completed the approval process required to adopt the amendments and standards described below.

- On 18 May 2017, the IASB published standard IFRS 17 – Insurance Contracts which will eventually replace standard IFRS 4 – Insurance Contracts.
  The purpose of this new standard is to guarantee that entities provide pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses within existing accounting standards, providing a single principle-based framework to take into account all types of insurance contracts, including any reinsurance contracts that an insurer may hold.
  The new standard also establishes presentation and disclosure requirements to improve the ability to make comparisons between entities in this sector.
  The new standard measures insurance contracts on the basis of a General Model or a simplified version of the same, called the Premium Allocation Approach ("PAA").
  The main features of the General Model are:
  - future cash flow estimates and hypotheses are always current;
  - measurements reflect the time value of money;
  - estimates require extensive use of information that can be observed on the market;
  - there is a current and explicit measurement of risk;
  - expected profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition; and,
  - expected profit is recognised during the period the contract covers, taking into account adjustments deriving from changes in hypotheses regarding cash flows associated with each group of contracts.

The PAA approach calls for measuring the liability for the residual coverage of a group of insurance contracts on the condition that, at the time of initial recognition, the entity expects that this liability could reasonably represent an approximation of the General Model. Contracts with coverage periods of one year or less are automatically deemed suitable for the PAA. Simplifications deriving from application of the PAA do not apply to measurement of liabilities for existing claims, which must be measured with the General Model Nonetheless, it is not necessary to discount these cash flows if it is expected that the relative balance will be paid/collected within one year of the date on which the claim was made.
An entity must apply this new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies as of 1 January 2023, but early application is allowed solely for entities which apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.
The Directors do not expect any significant effects on the annual financial statements due to adoption of this standard.

- On 23 January 2020 the IASB published an amendment titled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document is intended to clarify how to classify payables and other liabilities as either current or non-current. The amendments take effect as of 1 January 2023. In any case, early application is allowed.
  The Directors do not expect any significant effects on the annual financial statements due to adoption of this amendment.

- On 14 May 2020 the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the amendments serve to update the reference to the Conceptual Framework in IFRS 3 to the revised version, without this making any changes to the provisions of IFRS 3.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the amendments serve to disallow deduction of the amount received from selling assets produced during the testing phase from the cost of property, plant and equipment. This sales revenue and the associated costs must therefore be recognised in the Statement of Profit and Loss.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that when estimating the possible costs of a contract all costs directly attributable to the contract must be included. Consequently, when measuring possible costs of a contract, not only are incremental costs included (e.g. the cost of materials directly used in processing), but also all costs the company cannot avoid based on the stipulation of the contract (e.g. the portion of personnel expenses and depreciation of machinery used to fulfil the contract).
  - ***Annual Improvements 2018-2020***: these are amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples for IFRS 16 Leases.

  All these amendments take effect as of 1 January 2022.

  The Directors do not expect any significant effects on the annual financial statements due to adoption of these amendments.

- On 30 January 2014, the IASB published standard IFRS 14 – Regulatory Deferral Accounts which, solely for those adopting IFRS for the first time, grants the possibility to continue to recognise amounts relative to "Rate Regulation Activities" on the basis of the accounting standards previously adopted. As the Company is not a first-time adopter, this standard does not apply to it.

Section 2 - General principles of preparation

The financial statements are prepared according to the general principles referenced in the "Systematic Framework" for the preparation and presentation of the financial statements. Therefore, the financial statements are prepared according to the accrual basis accounting principle and on the basis of a 'going concern' assumption. The general principles of information relevance and significance and the prevalence of substance over form were applied in the preparation of the financial instruments. Each relevant class of similar items is shown separately in the financial statements. Entries of a dissimilar nature or purpose are presented separately unless they are irrelevant. Assets and liabilities, income and expenses, shall not be offset unless required or permitted by a standard or an interpretation.
In preparing the Financial Statements as at 31 December 2020, the Company considered impacts linked to the current economic situation, which was affected by the COVID-19 pandemic, and the relative accounting implications in terms of evaluations, disclosure and measurement with regards to the business as a going concern, also taking into account the specific recommendations issued by the authorities for the sector, and more specifically:

- ESMA 32-63-951 - Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9 - 25 March 2020;
- ESMA 31-67-742 - Actions to mitigate the impact of COVID-19 on the EU financial markets regarding publication deadlines under the Transparency Directive – 27 March 2020;
- CONSOB Call for attention 6/20 of 9 April 2020 - COVID-19 - Call for attention for financial disclosures;
- ESMA 32-51-370 - Questions and answers - ESMA Guidelines on Alternative Performance Measures (APMs) - 17 April 2020;
- ESMA 32-63-972 - Implications of the COVID-19 outbreak on the half-yearly financial reports - 20 May 2020;
- ESMA 32-63-1041 - European common enforcement priorities for 2020 annual financial reports – 28 October 2020;
- Bank of Italy - Provisions on the financial statements of banks and other supervised financial intermediaries regarding: 1) The impacts of COVID-19 and support measures adopted to deal with the pandemic; 2) Amendments to the IAS/IFRS – October 2020;
- Regulation (UE) 2020/1434 of the Commission of 9 October 2020 (IFRS 16).

The consolidated financial statements consist of the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders 'equity, the statement of cash flows, the notes and the directors' report on operations.

In addition to balances relative to the current financial year, the accounting schedules and the tables in the Notes also include the corresponding comparison amounts for the previous year.

The schedules included in the notes are prepared in €/000, if not otherwise indicated, in the same way as the financial statement schedules noted above.

In compliance with the provisions of Article 5 of Italian Legislative Decree No. 38/2005, the consolidated financial statements have been prepared using the euro as the accounting currency.

These annual financial statements were approved by the Board of Directors on 28 May 2021.

For interpretation purposes and for support, the following documents were taken into account, although they have not yet been approved by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC Interpretation Documents;
- Interpretation documents on application of the IFRS in Italy, prepared by the Italian Accounting Body (OIC);
- Documents issued by EBA, ESMA and CONSOB on application of specific provisions of the IFRS;
- Documents issued by ESMA, IOSCO and CONSOB on assessment and disclosures required relative to the impacts of the COVID-19 epidemic[3].

In preparing these financial statements, the following general principles were followed, dictated by IAS 1 - "Presentation of Financial Statements":

- Business continuity: in the context of the analysis done, it was evaluated whether the Group will continue to operate in the foreseeable future, taking into account all medium-term information available. Additionally, the equity and financial structure and operating trends do not show any signs that could lead to uncertainties on this specific point and, consequently, the financial statements were prepared with the assumption of the business as a going concern.
- Accrual: management events are recognised in the accounts and in Invitalia's financial statements (with the exception of the disclosure regarding cash flows) at the time they mature economically and regardless of their monetary manifestation, and costs and revenue are recognised in the Statement of Profit and Loss based on the correlation criteria;
- Materiality and aggregation: all items containing assets, liabilities, costs or revenue of a similar nature and type are presented distinctly in the financial statements, unless they are not material;
- Compensation: no compensation was carried out between assets and liabilities or proceeds and charges, unless when this is expressly required or allowed by Bank of Italy instructions, an accounting standard or an interpretation of an accounting standard;
- Frequency of disclosure: Invitalia prepares its financial statements, with the relative disclosure, on an annual basis and no changes with regards to the closing date of its financial year have occurred with respect to previous years, which continues to be 31 December of each year;

[3] These references refer to:
§ EBA Communication of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures";
§ ESMA Communication of 25 March 2020 "Public Statement. Accounting implications of the COVID 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
§ IFRS Foundation Document of 27 March 2020 "IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic";
§ ESMA Communication of 27 March 2020 "Actions to mitigate the impact of COVID-19 on the EU financial markets regarding publication deadlines under the Transparency Directive";
§ ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID 19) pandemic" addressed to all significant entities;
§ EBA Guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID 19 crisis";
§ Bank of Italy - Provisions on the financial statements of banks and other supervised financial intermediaries regarding: 1) The impacts of COVID-19 and support measures adopted to deal with the pandemic; 2) Amendments to the IAS/IFRS – October 2020;
§ CONSOB Call for Attention 6/20 of April 2020 "COVID 19 - Call for attention for financial disclosures";
§ ESMA Communication of 20 May 2020 "Implications of the COVID-19 outbreak on the half-yearly financial reports";
§ CONSOB Call for Attention 8/20 of July 2020 "COVID 19 - Call for attention for financial disclosures";
§ ESMA Recommendation of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
§ CONSOB Call for Attention 1/21 of February 2021 "COVID 19 - Economic support measures - Disclosures to provide".

- Comparative information: comparative information is presented for two consecutive financial years (the current and previous years). This comparative information, both of which refer to the reporting date, is provided for each of the individual documents which make up the financial statements, including the relevant Notes.

Section 3 – Subsequent events to the reporting period

Group Real Estate Rationalisation Plan
On 31 December 2020 Invimit Sgr sent a proposal to the parent company relative to the Group's plan to reorganise and dispose of no-longer strategic real estate, which was accepted on 4 January 2021. Consequently, in the initial months of 2021 due diligence work began with the aim of determining the scope of assets which will be placed in a Fund, managed by Invimit, known as i3-Sviluppo Italia. Closing of the operation is expected to occur during the current year.

Sale of Marina di Portisco
On 3 March 2021, following the public procedure to sell 100% of the equity investment in Marina di Portisco, the tender was provisionally awarded to an RTI and authorisation to proceed with the sale was requested from MED.

Sale of Marina di Arechi
On 30 December 2020, the agreement was signed by Invitalia, Invitalia Partecipazioni and Giuseppe Gallozzi & Figli to sell the shares the Invitalia Group holds in Marina d'Arechi. Subsequently, MED was asked to give authorisation to proceed with the sale. On 14 April 2021, the shares were transferred.

Equity investments acquired with third-party funds:

Acciaierie Italia Holding
On 14 April 2021, Invitalia subscribed a capital increase for AM InvestCo Italy SpA, the company leasing Ilva business units under extraordinary administration. This subscription was the implementation of the co-investment agreement between Arcelor Mittal Holding Srl, Arcelor Mittal SA and Invitalia, which had already been announced to the market the previous December and was intended to begin a new phase of environmentally sustainable development of Ilva in Taranto.
More specifically, as ordered by the Italian government, Invitalia subscribed ordinary shares totalling € 400 million using capital grants coming from the Ministry of Economy and Finance and, after adhering to the capital increase, acquired 50% of voting rights for the company leasing the assets.
In consideration of the fact that this equity investment was acquired on the basis of specific regulatory provisions and using public resources and that, substantially, no economic effects will be incurred by Invitalia, nor will it have the right to implement actions typically carried out by ownership, despite having the legal rights to the shares, it was determined that **Acciaierie Italia Holding** does not fall within the scope of consolidation of the Invitalia Group. The Directors have also acquired an authoritative legal opinion on the same, as subsequently described in Section 4 - Other aspects, with reference to the application of article 1 of Decree Law no. 142 of 16 December 2019.

Reithera and TLS

To ensure the widest possible portfolio of products and to accelerate the end of the pandemic, from the start, the Italian government, through the Ministry of Health and the Special Commissioner,

has supported research and experiments done by Italian companies and researchers dedicated to developing COVID-19 vaccines.
In this framework can be seen article 34 of Decree Law 104 of 14 August 2020, converted with Law 126 of 13 October 2020, which destined a portions of Fund for National Emergencies for research and development and the purchase of vaccines and monoclonal antibodies produced by industries in the sector (80 million in 2020 and 300 million in 2021), including through the acquisition of equity investments under market conditions.

In this context, the Special Commissioner, after in-depth analysis which compared companies active in this sector in Italy, identified the main companies, including:

- **Reithera Srl**, which carries out research, development and production of clinical lots of viral vectors and which, from the beginning of the pandemic, has worked to develop a COVID vaccine;
- **TLS Sviluppo Srl**, which carries out research, development and production of monoclonal antibodies making use, among other things, of the TLS Foundation.

ReiThera Srl and TLS Sviluppo Srl submitted a request to Invitalia to obtain subsidies for **Development Contracts**, to continue research and development of vaccines and monoclonal antibodies, which are useful in weakening COVID-19, and to strengthen and make the Italian production system independent, guaranteeing excellent infrastructure in the biomedical field, also through projects for implementation in existing production plants. The requests were approved by the Invitalia Board of Directors on 25 January 2021 and 15 February 2021, respectively.

On 27 December 2020, the Italian Ministry of the Economy and Finance (MEF), in concert with the Ministry of Health and the Ministry of Economic Development (MED), issued a Decree regarding the plan of projects aimed at producing an Italian COVID-19 vaccine and monoclonal antibodies, authorising Invitalia to:

- acquire 27% of Reithera Srl, equal to €15,000,000.00, which is investing in industrial research and experimental development to develop and validate a process to produce the COVID-19 vaccine.
- acquire 30% of TLS Sviluppo Srl, equal to € 15,000,000.00, which is involved in an industrial investment project to activate and commission a plant to produce doses of monoclonal antibodies.

Section 4 - Other aspects

These consolidated financial statements were approved by the Board of Directors on 28 May 2021.

Since 2004, the Parent Company has adopted the "national tax consolidation regimen" regulated by Articles 117 and 129 of the TUIR [Italian Consolidated Income Tax Act], introduced into the tax legislation by Legislative Decree 344/2003.

Application of Article 1 of Decree Law 142 of 16 December 2019
Article 1 of Decree Law 142 of 16 December 2019, as amended by Decree Law 104 of 14 August 2020 "Urgent measures of financial intervention to support and revive the economy", establishes:

"1. With one or more decrees of the Italian Ministry of Economy and Finance capital grants are assigned in favour of Invitalia, up to a maximum total amount of € 900 million for the year 2020,

entirely intended to strengthen the capital of Banca del Mezzogiorno - Mediocredito Centrale SpA through a capital payment so that it may promote, using market logic, criteria and conditions, the development of financial assets and investment, also to support businesses and employment in the Mezzogiorno, to be carried out through financial operations, including acquisition of equity investments in banking and financial companies, generally joint stock companies, and with any eye to further possible operations to rationalise these equity investments...or aimed at strategic initiatives, to be carried out through financial operations, including direct or indirect equity investments, to support businesses and employment, also in the Mezzogiorno.
2. Following the initiatives implemented by the bank in compliance with paragraph 1 of the Ministry of Economy and Finance Decree, issued in concert with the Ministry of Economic Development, a demerger can be ordered with the establishment of a new company, to which are transferred the assets and equity investments acquired pursuant to paragraph 1. The shares representing the entire share capital of the company are assigned to the Ministry of Economy and Finance, without any payment.
3. The provisions of Legislative Decree 175 of 19 August 2016 do not apply to the newly established company. Appointment of the company's Board of Directors is done by the Ministry of Economy and Finance in concert with the Ministry of Economic Development.
4. All deeds and operations carried out to implement the above paragraphs are exempt from any direct or indirect taxation or duties.
5. Any resources pursuant to paragraph 1 which are no longer necessary for the purposes of this decree shall be quantified with a decree issued by the Ministry of Economy and Finance and transferred to the originating section, also through a deposit to the government's funds, with subsequent reassignment of the funds."

In compliance with and execution of that governed under the cited article 1, paragraph 1 of Decree Law 142/2019, Banca del Mezzogiorno - Mediocredito Centrale SpA, in a letter dated 10 June 2020, asked the MEF to disburse to it, through its shareholder Invitalia, a capital payment totalling € 430 million, to be used for a share capital increase for Banca Popolare di Bari SpA. Consequently, in a letter of 11 June 2020, Invitalia asked the MEF to assign it a capital grant totalling € 430 million "*intended to strengthen the capital, through a capital payment, of Banca del Mezzogiorno - Mediocredito Centrale SpA so that it can carry out financial operations in the form of acquiring an equity investment in the capital of Banca Popolare di Bari SpA".* The MEF, in a letter dated 12 June 2020, provided notification that the decree assigning the capital grant to Invitalia had been issued. In the same communication, the MEF, given the need to guarantee the availability of the necessary sums to Banca del Mezzogiorno-Mediocredito Centrale SpA by 24 June 2020, also asked the Invitalia Board of Directors to resolve the capital payment to its subsidiary, making it conditional to the efficacy of the resolution to disburse the relative amount by the MEF and the release of the required authorisation by the Ministry of Economic Development, as the supervisory administration.

For the purposes of the accounting recognition of the contribution received, with the support of a technical/legal opinion received for this purpose, Invitalia determined that:

1) the "capital grant" received was to be treated based on the provisions of IAS 20 paragraph 24 on contributions and that it should be recognised as deferred revenue connected to the contribution received as a balancing entry to the increase in value of the equity investment deriving from the capital payment made to Banca del Mezzogiorno – Mediocredito Centrale by Invitalia;
2) the amounts that Invitalia allocated or will be asked to allocate to Banca del Mezzogiorno – Mediocredito Centrale must be recognised as an increase in the shareholders' equity of the subsidiary as "capital payment", as established under article 1 of Decree Law 142/2019;
3) in the hypothesis of a demerger with the establishment of a new company, based on that established under paragraph 2 of article 1 of Decree Law 142/2019, the assets and equity investments acquired pursuant to paragraph 1 of the cited norm include, based on the

principle of continuity of operations, also include the assets and/or liabilities generated by these assets and equity investments in the time between acquisition of the same pursuant to paragraph 1 and the demerger pursuant to paragraph 2;

4) any excess costs or losses with respect to the amount of capital grants received pursuant to article 1, paragraph 1 of Decree Law 142/2019 - in the light of the agent role assigned to Invitalia by the law - do not create an obligation to support the distressed company for either Invitalia or Banca del Mezzogiorno.

In the light of all the above, it was decided to treat the above contributions for accounting purposes as below:

- Invitalia recognised the contribution received as a balancing entry in the item Other Liabilities, with the phrasing "Grants, article 1, paragraph 1, Decree Law 14 of 16/12/19", consistent with the above noted provision that defined the payment made to Invitalia as a "capital grant", and then, after making the payment to the subsidiary MCC-BDM, increasing the value of the equity investment in MCC-BDM.
- The subsidiary MCC-BDM instead recognised the payment received as a balancing entry within Shareholders' Equity, consistent with the provision that defined the payment made to MCC-BDM as a capital payment.

In terms of applying the notion of "control" established under IFRS 10, this framing of the contribution received means there is no control relationship between Invitalia and Banca Popolare di Bari based on the provisions of IFRS 10. This conclusion derives from the fact that Invitalia, having recognised the capital grant under the item Other Liabilities and having recognised the relative costs incurred on the basis of the income approach identified in IAS 20, intended to neutralise the costs/revenue recorded in the Statement of Profit and Loss, is not exposed to "variable returns deriving from its involvement with the investee" and, therefore, in the absence of this exposure to variable returns does not meet the requirements for a control relationship with Banca Popolare di Bari.

Consequently, this framing means that Invitalia does not include Banca Popolare di Bari in its consolidated financial statements.

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

In the light of that indicated above regarding the accounting treatment of contributions received in application of article 1 of Decree Law 142 of 16 December 2019, Invitalia had created a specific accounting policy for the accounting treatment of all equity investments acquired by Invitalia using what can be classified as government grants under IAS 20, holding that these equity investments, despite having the characteristics of equity instruments (IAS 32:11), also cannot be held to fall within the scope of application of international accounting standards which specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27, IAS 28 and IFRS 11). In particular, also on the basis of a technical opinion acquired for this purpose, it was held that these equity investments are acquired by Invitalia in execution of specific regulatory provisions, making use of public resources or third-party funds. Additionally, these regulatory provisions establish specific rights for the entity providing the grant/third-party funds and specific obligations for Invitalia with reference to equity investments acquired with government grants which essentially do not grant Invitalia the economic effects typical of equity instruments (dividends, impairment, etc.), seen in any equity instrument (whether involving a minority interest, or a financial connection involving joint control or control), and therefore representing "*a residual interest in the assets of an entity after deducting all its liabilities"* – nor does Invitalia have the power to establish specific actions typical of ownership (e.g. selling the equity investment acquired using the contributions received), despite legally owning the shares which represent the share capital of a company. Taking into account the specific nature of the above context, Invitalia has adopted a specific accounting policy to recognise and measure equity investments acquired through government grants.

Initial recognition and subsequent measurement of these equity investments is at cost, on the settlement date, including any costs or proceeds directly attributable to the transaction.

At each annual or interim reporting date, an impairment test is carried out. This is done by checking for the existence of the qualitative and quantitative indicators illustrated below. If they are identified, an impairment test is carried out in compliance with the provisions of IAS 36, to estimate the recoverable amount of the equity investment and compare this with the carrying amount of the same, to determine any write-downs necessary. With reference in particular to equity investments for which the individual carrying amount is deemed insignificant - based on International Accounting Standard IAS 1:7 - the equity method is used to determine the recoverable amount of the equity investment, as this approximates the fair value calculated using the simple equity method, to be compared with the book value of the same to determine recognition of any write-downs.
As indicated previously, at each annual or interim reporting date, specific qualitative and quantitative indicators are evaluated, specifically:

- significant financial difficulties of the investee;
- the probability that the investee will declare bankruptcy or enter into other financial reorganization procedures;
- distribution of a higher dividend than the income for the period and existing income reserves;
- distribution of a higher dividend by the investee than the income in the comprehensive income (or statement of comprehensive income for financial companies) in the year in when it is declared.

Equity investments for which this accounting treatment is currently used, both in the individual and consolidated financial statements, are the following:

1. Banca del Mezzogiorno - Mediocredito Centrale S.p.A., limited to the portion regarding the equity investment acquired in Banca Popolare di Bari S.p.A.
2. Equity investment in Invitalia Global Investment S.p.A.
3. Equity investments acquired pursuant to Law 181/89

And, starting in 2021:

1. Acciaierie d'Italia Holding SpA
2. Reithera Srl
3. TLS Sviluppo Srl

Impacts of COVID-19

In preparing the Consolidated Financial Statements as at 31 December 2020, the Group considered impacts linked to the current economic situation, which was affected by the COVID-19 pandemic, and the relative accounting implications in terms of evaluations, disclosure and measurement with regards to the business as a going concern, also taking into account the specific recommendations issued by the authorities for the sector, and more specifically:

- EBA Communication of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures";
- ESMA Communication of 25 March 2020 "Public Statement. Accounting implications of the COVID 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";

- IFRS Foundation Document of 27 March 2020 "IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic";
- ESMA Communication of 27 March 2020 "Actions to mitigate the impact of COVID-19 on the EU financial markets regarding publication deadlines under the Transparency Directive";
- ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID 19) pandemic" addressed to all significant entities;
- EBA Guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID 19 crisis";
- CONSOB Call for Attention 6/20 of April 2020 "COVID 19 - Call for attention for financial disclosures";
- ESMA Communication of 20 May 2020 "Implications of the COVID-19 outbreak on the half-yearly financial reports";
- CONSOB Call for Attention 8/20 of July 2020 "COVID 19 - Call for attention for financial disclosures";
- ESMA Recommendation of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- CONSOB Call for Attention 1/21 of February 2021 "COVID 19 - Economic support measures - Disclosures to provide".

Below are the main areas of focus, analysed in terms of preparing the financial statements. Detailed information on risk strategies, objectives and management policies, as well as on the economic and equity situation are provided in the relevant sections of the Directors' Report on Operations and/or the Notes, referenced below.
With regards to management and business aspects, please see that found in the specific section of the Directors' Report on Operations.

The business as a going concern

In compliance with that established in the joint Bank of Italy/CONSOB/ISVAP document no. 2 of 6 February 2009, regarding the going concern disclosure and in compliance with that required for the same under IAS 1, revised and the ESMA Recommendations contained in its Public Statement 71-99-1290 of 11 March 2020, Public Statement 32-63-972 of 20 May 2020 and Public Statement 32-63-1041 of 28 October 2020, Invitalia evaluated its ability as a Company and Group to continue to operate as an entity for the foreseeable future, taking into account all available medium-term information. More specifically, in carrying out these assessments, the currently foreseeable effects linked to developments in the COVID-19 pandemic were taken into account, as well as any linked repercussions on the national economy and the Group's business. Considering the risks and uncertainties associated with the current macroeconomic situation and based on the best available information when these financial statements were prepared (see, Directors' Report on Operations "THE GROUP'S FUNDAMENTL ROLE IN THE PANDEMIC", "SUBSEQUENT EVENTS" AND "FORESEEABLE BUSINESS OUTLOOK"), the expectation that the Company and Group will continue to operate in the foreseeable future is reasonable. Additionally, the equity and financial structure and operating trends do not indicate any signs that could create uncertainties on this point. Consequently, the financial statements were prepared with the assumption of the business as a going concern.

Risks and uncertainties connected with the use of estimates

Preparation of the financial statements requires the use of estimates and assumptions which could influence the amounts recognised in the Statement of Financial Position and the Statement of Profit and Loss, as well as information provided about potential assets and liabilities.
Estimates and associated hypotheses are based on available operating information and subjective assessments in part based on historical experience.
Due to their nature, the estimates and assumptions used may vary from year to year and it therefore cannot be excluded that in subsequent years the actual values recognised in the financial statements may differ, even significantly, due to changes in the subjective assessments used.

The main areas in which the use of subjective assessments made by company management are used are:

- quantification of losses due to impairment of receivables, securities, equity investments and, more generally, other financial assets;
- quantification of the provisions for risks and charges (determined based on estimates of outflows necessary to comply with obligations for which the use of resources is deemed probable);
- quantification of severance indemnities, company retirement fund and other benefits due to employees (determined using the estimate of the current value of obligations related to probable disbursements, discounted considering financial aspects including interest rates, presumed salary trends, turnover rates and demographic data);
- deferred tax assets (recognition of items related to deferred tax assets is based on the hypothesis that in the coming years the Company will generate taxable income for amounts that, with reasonable certainty, will be able to offset future taxes to be paid on said income and thus the full absorption of deferred tax assets);
- the use of measurement models to determine the fair value of financial instruments not listed on active markets;
- the determination of fair value when measuring non-current assets and asset groups held for sale.

Therefore, it follows that measurement of risk is mainly linked to developments in both the national and international socioeconomic context and to trends in financial markets, which create impacts on the trends for interest rates, price fluctuations, actuarial assumptions and, more generally, the credit standing of counterparts.

The COVID-19 emergency did not give rise to any risks not previously considered, given that the phenomena which arose falls into categories already mapped out and subject to safeguards. Please see part D of the Notes and the Directors' Report on Operations for more exhaustive treatment of the risks to which the Company is exposed and aspects specifically linked to the pandemic.

The spread of COVID-19 increased the levels of uncertainty borne by accounting estimates, increasing complexity. Below is a summary of the main items for which estimates were impacted:

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

With reference to the companies of the Group, with the exception of Mediocredito Centrale, no increase in credit risk in the loan/receivables portfolios was seen, due to the substantially public nature of counterparties as of the reporting date. With reference to the bank and that reported above, please see the section below "3.1. CREDIT RISK" in Part D - Other Information. **(b) Moratoriums (IFRS 9)**

Within the Group, this case applies solely to the Bank.
In particular, moratoriums granted by the Bank in line with EBA indications meet certain specific requirements. They must:

- be offered indistinctly to a group of entities (performing) or as a consequence of and in compliance with legislative provisions;
- not involve renouncing contractual interest or capital, but merely a deferral/extension in payment times.

Given that the moratoriums granted involve solely a deferral/extension of the period in which payments are due, the application of a moratorium does not lead to derecognition of the receivable/loan.

(c) Impairment test for equity investments (IAS 36)

The parent company adjusted the carrying amount of its equity investments in Invitalia Partecipazioni and Italia Turismo due to the decrease in the recoverable value of Invitalia Partecipazioni and in the fair value of Italia Turismo, essentially due to aligning the book value of the real estate assets held by these equity investments to their fair value, in the context of the Group Real Estate Rationalisation and Disposal Plan. For information about the accounting treatment, please see Section 1 - Declaration of compliance with international accounting standards, in Part A of the Notes.

The Bank, which holds a controlling interest in the equity of Banca Popolare di Bari, given that (i) the acquisition of this equity investment occurred during the year and (ii) the price for the transaction, which was equal to the carrying amount for the equity investment, is significantly lower with respect to the corresponding stake in the subsidiary's shareholders' equity, did not identify any signs of impairment.

(d) Impairment test for other non-financial assets
With reference to other assets classes, there were no trigger events identified, as these mainly refer to assets which are not correlated with or impacted by COVID-19.

(e) Organisational and human resources impacts
Please see that reported in paragraph C - HUMAN RESOURCES AND ORGANISATION in the Directors' Report on Operations for a complete report on these aspects and the impacts deriving from COVID-19.

(f) Additional areas of attention

Employee benefits
No changes were made to hypotheses and variables used to measure employee benefits. The Group did not recognise any legal obligations towards employees linked to COVID-19 which could give rise to a liability under IAS 19.

Government incentives and taxes
No significant tax incentives were identified that Invitalia benefited from in relation to anti-COVID-19 measures introduced by the government. At present there are no elements worthy of note relative to the revocability of deferred tax assets.

Fair value measurement
No significant impacts were seen with regards to the fair value measurement of financial instruments. For details on fair value measurement, please see the specific disclosure found in section A.4 Fair value disclosure, in these Notes.

Leasing

No impacts were seen. The parent company and its subsidiaries are involved in leasing contracts solely as lessees and did not request any contractual changes, suspensions or deferrals of leases, nor recognition of any discounts based on the situation caused by COVID-19.

Potential liabilities

There was no need for the parent company or its subsidiaries to establish any provisions for risks and charges for current obligations that could give rise to possible future financial outlays. Existing provisions refer solely to probable events.

Section 5 - Scope and methods of consolidation

The consolidated financial statements include the financial statements of the Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa SpA and its directly or indirectly controlled subsidiaries. The scope of consolidation is defined with reference to the provisions of IFRS 10, 11 and IAS 28. In compliance with these principles, subsidiaries are considered companies over which the Parent Company exercises, directly or indirectly, the power to determine financial and management policies. The Subsidiaries are consolidated on a line-by-line basis. Consolidation starts from the date on which the control relationship begins and lasts until the date of its termination.
The values of the financial statements as at 31 December 2020 of the companies of the Group, consolidated on a line-by-line basis, have been appropriately adjusted to bring them into line with the accounting policies of the Parent Company.
In line-by-line consolidation, the assets and liabilities, as well as the income and expenses of the consolidated companies, are included in the consolidated financial statements, after complete Consolidation set-off of receivables, payables, revenue and intercompany costs, with the exception of those considered irrelevant in the context of the consolidated financial statements according to the general criteria of significance and relevance.
The assets and liabilities are those resulting from the financial statements approved by the Boards of Directors and/or by the shareholders' meetings of the Companies. The portion of shareholders' equity and that of the result for the reporting period pertaining to non-controlling interests are accounted for in a separate item in the consolidated statements of financial position and profit or loss and income. In order to represent the Group's accounting information as if it were a single entity, appropriate consolidation adjustments were applied.
The controlling investments held for sale are consolidated on a line-by-line basis and shown separately in the consolidated financial statements as a group held for sale in asset items 110 and asset liability items 80, respectively.

Fully held subsidiaries are as follows:

Company	Site	Type of Relationship	Company Holding Stake	% Held	% Available shares	Type of Control
Equity investments						
INFRATEL ITALIA S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
INVITALIA PARTECIPAZIONI S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
BANCA DEL MEZZOGIORNO- MEDIOCREDITO CENTRALE S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
Assets held for sale						
ITALIA TURISMO S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
MARINA DI PORTISCO S.p.A.	Portisco	1	Invitalia S.p.A.	100.00%	100.00%	A
SVILUPPO ITALIA CALABRIA S.c.p.A. in liquidation	Cosenza	1	INVITALIA PARTECIPAZIONI S.p.A.	99.84%	99.84%	B

(1) Majority of voting rights at the ordinary shareholders' meeting
A = direct control
B = indirect control

IGI SpA and Banca Popolare di Bari, although held respectively at 100% and, through the subsidiary MCC, at 96.8%, are not consolidated on a line by line basis because the economic effects of operations are not felt by Invitalia and consequently they are excluded from the Group.

A.2 Section related to the main items of the financial statement

Criteria used

Statement of the accounting standards adopted is done with reference to classification, registration, valuation and cancellation of the various asset and liability items.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value and include the values that meet the requirements of high liquidity, short-term or very short-term availability and an insignificant risk of changes in their value.

Financial assets measured at fair value through profit and loss (FVTPL)

Classification criteria

This category includes financial assets other than those classified among financial assets at fair value through other comprehensive income and among financial assets measured at amortised cost. This includes:

i. Financial assets held for trading, essentially represented by debt and equity securities and the positive value of derivatives held for trading purposes;

ii. Financial assets mandatorily measured at fair value, represented by financial assets which do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms are not represented solely by payments of principal and interest (SPPI test not passed) or which are not held within the context of a Hold to Collect business model or Hold to Collect and Sell model;

iii. Financial assets designated at fair value, or financial assets defined as such at initial recognition and when the requirements are met. In relation to financial assets, an entity may irrevocably designate a financial asset as measured at fair value through profit and loss if and only if by doing so it eliminates or significantly reduces a measurement inconsistency.

This item includes debt securities and loans included in an Other-Trading business model or which do not pass the SPPI test, including units of syndicated loans which, at origin, are held for sale and cannot be classified as part of a Hold to Collect and Sell business model.

This item also includes equity instruments which cannot be classified as controlling, association or joint control, held for trading purposes or which were not classified as measured at fair value through other comprehensive income at initial recognition. Units of UCITS are also recognised under this item. For the category of UCITS, given the structure of the instrument and the respective units, the SPPI test will always be failed, meaning they can only be classified under the fair value through profit and loss item.

Capitalisation policies represent another case in which the inherent features of underlying investment instruments require classification herein. Similar to UCITS units, these instruments fail the SPPI test with objective difficulty in preparing a look through approach. For this reason, they must be recognised under the item "financial assets measured at fair value through profit and loss". More specifically, the fair value is the value of the policy periodically communicated in the account statement sent by the insurance company. This value corresponds to the premium plus returns generated by separate accounting, net of the fee component.

Derivatives, recognised among financial assets held for trading, are represented as assets if the fair value is positive and as liabilities if the fair value is negative.

Derivatives also include those incorporated within complex financial instruments, in which the primary contract is not a financial asset falling under the scope of IFRS 9, which were subject to separate recognition in that:

- Their economic characteristics and risks are not closely correlated with the features of the underlying contract;

- The incorporated instruments, even if separate, meet the definition of derivative;

- The hybrid instruments to which they belong are not measured at fair value with relative changes recognised through profit and loss.

Based on the general rules established under IFRS 9 regarding reclassification of financial assets (with the exception of equity securities, for which no reclassification is allowed), reclassification towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management.

Recognition criteria

Initial recognition of financial assets takes place on the settlement date for debt or equity securities and loans and on the subscription date for derivatives.

At initial recognition of financial assets at fair value through profit and loss, the fair value is recognised, without considering transaction costs or proceeds directly attributable to the instrument in question.

Measurement criteria

After initial recognition, financial assets measured at fair value through profit and loss are measured at fair value. The effects of applying this criteria are recognised in the profit and loss account in item 80. The net result of trading activity in the case of instruments held for trading, or in item "110. Net result of other financial assets and liabilities at fair value through profit and loss" in the case of instruments designated at fair value or other financial assets mandatorily measured at fair value.

With regards to interest income accrued during the year, these assets are recognised under item 10. Interest and similar income in the profit and loss account.

Cancellation criteria

Financial assets are cancelled from the financial statements only if the disposal involve substantial transfer of all the risks and benefits associated with the assets in question.

Financial assets measured at fair value through other comprehensive income

Classification criteria

This item includes financial assets which satisfy both of the following conditions:

- the financial asset is held under a Hold to Collect and Sell business model, and
- the contractual terms of the financial asset establish, on set dates, cash flows representing solely payments of principal and interest (SPPI test passed).

This item also includes equity instruments not held for trading purposes for which the option to designate them at fair value through other comprehensive income was exercised at initial recognition.
Reclassification towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management. In these cases, expected to be very infrequent, financial assets can be reclassified to one of the other two categories established under IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of reclassification and the effects of the reclassification operate prospectively starting from the date of reclassification. In the case of reclassification from the category in question to that of amortised cost, the cumulative profit (loss) recognised in the valuation reserve is used to adjust the fair value of the financial asset on the date of reclassification. In the case of reclassification to the category of fair value through profit and loss, the cumulative profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.

Recognition criteria

Initial recognition of financial assets takes place on the settlement date for debt or equity securities and on the disbursement date for loans. At the time of initial recognition, the assets are recorded at fair value, including transaction costs or proceeds directly attributable to the instrument itself.

Measurement criteria

After initial recognition, assets classified at fair value through other comprehensive income, other than equity securities, are measured at fair value, with recognition within the profit and loss account of impacts deriving from application of impairment effects deriving from the amortised cost, while other profits or losses deriving from a fair value change are recognised in a specific shareholders' equity reserve, without passing through the statement of profit and loss, until the financial asset is cancelled. At the time of disposal, whether total or partial, the profit or loss accumulated in the valuation reserve is entirely or partially reversed to the profit and loss account.
Equity instruments classified in this present category are measured at fair value and the amounts recognised in a balancing entry under shareholders' equity (Statement of Comprehensive Income) do not need to be subsequently transferred to the profit and loss account, even in the case of disposal. Dividends are the only component relative to the equity securities in question recognised in the profit and loss account.
Financial assets measured at fair value through other comprehensive income are subject to the impairment established under IFRS 9, with consequent recognition of a value adjustment in the profit and loss account to cover expected losses. More specifically, for instruments classified in stage 1 (that is financial assets at the time of origination, if not impaired, and instruments for which no significant increase in credit risk has been seen with respect to initial recognition) one year expected losses are recognised at initial recognition and at every subsequent reporting date. On the other hand, for instruments in stage 2 (performing but with a significant increase in credit risk with respect to initial recognition) and in stage 3 (impaired exposures) lifetime expected losses are recognised for the financial instrument.

Cancellation criteria

Financial assets measured at fair value through other comprehensive income are cancelled from the financial statements when the right to receive cash flows expires or in the case of transfer, only if the transfer involved a substantial transfer of all the risks and benefits associated with the assets in question. On the other hand, if a significant portion of the risks and benefits associated with the financial assets disposed of is maintained, these continue to be recognised in the financial statements, even if legal ownership of the assets in question has been effectively transferred.

In the case in which substantial transfer of the risks and benefits cannot be ascertained, the financial assets are cancelled if not type of control has been maintained over them. If not, conservation, even partial, of this control means the assets are kept in the financial statements in an amount equal to the residual involvement, measured by the exposure to changes in value of the transferred assets and to changes in the cash flows from the same.

Financial assets measured at amortised cost

Classification criteria

This category includes financial assets (in particular loans and debt securities) which meet both of the following conditions:

- the financial asset is held under a Hold to Collect business model, whose objective is achieved by collecting the contractual cash flows.
- the contractual terms of the financial asset establish, on set dates, cash flows representing solely payments of principal and interest (SPPI test passed).

Based on the general rules established under IFRS 9 regarding reclassification of financial assets, reclassification towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management.

Loans disbursed making use of funds provided by the government or by other public entities and destined for particular usage operations established and governed by specific laws are classified in this item ("loans using third party funds under management" pursuant to Law 181/89), in that interest accrues on these and on the funds correlated with them respectively in favour and against the intermediary as are loans disbursed making use of funds provided by the government ("loans using third party funds under management" pursuant to article 6, Law 64 of 1/03/86 Tourism Revolving Fund), in that the risk of insolvency is borne by the intermediary.

Recognition criteria

Initial recording of financial assets takes place on the settlement date. At initial recognition, financial assets classified in this category are measured at fair value, including any directly attributable costs or proceeds.
In particular, initial recognition of a loan occurs on the date the contract is signed, normally coinciding with the date of disbursement. If these dates do not coincide, when the contract is signed, a commitment to disburse the funds is also recognised, which is cancelled on the date the loan is disbursed.
Recognition of the loan is done on the basis of the fair value of the same, equal to the amount disbursed, or the subscription price, including costs/proceeds directly attributable to the individual loan and able to be determined at origin, even if liquidated at a later time. Even if they have the same characteristics, costs which are repaid by the debtor counterparty or can be classified among normal internal administrative costs are excluded.

Measurement criteria

After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest rate method and recognising interest income accruing during the period/financial year in item 10. Interest and similar income in the profit and loss account.
The amortised cost method is not used for assets, measured at historic cost, which have a brief duration making the effects of discounting negligible, for those without defined maturity.
Financial assets in this category, regardless of their technical form, must be subjected to impairment tests, recognising the relative effects under profit and loss account item 130. Net value adjustments/write-backs for credit risk relative to a) financial assets measured at amortised cost.

Profits or losses achieved through the sale of these assets is recognised within profit and loss account item 100. Profit/loss from sale or repurchase of: a) financial assets measured at amortised cost.

Impairment

With regards to the new *impairment model introduced by IFRS 9*:

- methods were defined to measure credit quality of positions in the portfolio of financial assets measured at amortised cost;

- parameters were determined to assess increased credit risk, for the purposes of proper classification of performing exposures in either stage 1 or 2.
  With respect to the classification logic for exposures in stage 3, "impaired/default" exposures, IFRS 9 does not provide a definition of the term "default", but requires each entity to provide their own definition. Therefore, every entity must provide itself with a definition of default that is consistent with its own situation, both in terms of types of assets and risk management practices. In the light of these regulatory requirements, Invitalia considers as in default positions for which legal collection actions have begun.

- models were developed to be used for stage allocation, as well as for calculated one-year expected credit loss (ECL) (applied to exposures in stage 1) and lifetime expected credit loss (applied to exposures in stages 2 and 3).

  Given the lack of internal loss rates after default, the assignment of Loss Given Default (LGD) to individual positions is done by making use of regulatory values or those derived from benchmarks, considered on a flat basis for the entire duration of the loan or appropriately updated, evaluating whether or not prudential margins should be used.

  For *On Balance* positions, Invitalia uses cash flows resulting from the effective amortisation plans of loans to determine exposure at default. More specifically, for the first year (positions in stage 1 and 2), the respective values in the financial statements are considered, while for subsequent years (stage 2), the residual debt associated with the capital portion of the exposure is considered, as in the IAS plan.

  The parameters used for stage allocation are the following:

  trade receivables:
    - the threshold for impairment for receivables due from public administration has been set at one year;
    - intercompany receivables are conventionally classified in stage 1;
    - for the remaining cases, the threshold for impairment was left at 2 years.

  financial receivables:
    - intercompany receivables are conventionally classified in stage 1;
    - loans with amortisation plans are measured separately between maturing loans and over due loans (as in the first scenario).

  Probability of Default (PD) is determined as follows:

- for over due loans, PD at one year is applied, in the hypothesis that the receivables come due within the next 12 months;
- for invoices to be issued, a risk exposure time frame of 2 years is considered, therefore cumulative PD at 2Y is applied;
- for intercompany relationships, the PD for the parent company's institutional sector is applied (public administrations).

These criteria and the relative thresholds are defined at initial application and are updated at least once a year.

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

- for securities which at the reporting date have an investment-grade rating (see the table below), the LCRE is applied, or they are allocated directly to stage 1 on the basis of the requirements outlined above;
- for securities which at the reporting date have a speculative-grade rating, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date is considered, measured as a change in the rating class.
  Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If not significant impairment of the position is seen, it is classified in stage 1 in accordance with the Standard.

In any case, classification and transfers comply with a symmetric and relative model. In fact, at every reporting date, reclassification of the positions among the stages is carried out, both upwards and downwards, based on changes in the conditions that led to the prior staging.
If no information is available for determining significant impairment or low credit risk, the position must be classified in stage 2. Ratings, provided by an info provider, are carefully updated at each reporting date.
Assessment of financial assets, whether performing or in stage 3, also reflects the best estimate of the effects of future conditions, above all those associated with the economic situation, on the basis of which forward looking PD and LGD are estimated.
From a methodological point of view, at every consolidated financial statements reporting date, Invitalia must measure the impairment of a financial instrument on the basis of:

- 12-month Expected Credit Loss (ECL) for instruments classified in stage 1;
- Lifetime Expected Credit Loss (LECL) for instruments classified in stage 2.

The impaired portfolio[4] is instead classified in stage 3 and continues to be measured using the Impairment Lifetime method.

Offsetting of financial assets and liabilities

IAS 32 regulates offsetting criteria between financial assets and liabilities. Specifically, a company can recognise the net balance in the statement of financial position if the following conditions are all respected:

i. the company has the legal right to offset amounts recognised in the accounts;

[4] IFRS 9 does not provide a definition of "default", but requires every entity to provide its own definition, consistent with that used internally by risk management to determine credit risk for significant financial instruments, and which must also consider qualitative indicators if appropriate. Therefore, every entity must provide itself with a definition of default that is consistent with its own situation, both in terms of types of assets and risk management practices. In the light of these regulatory requirements, Invitalia considers as in default positions for which legal collection actions have begun.

ii. the company intends to extinguish the net residual amount or realise the asset and simultaneously extinguish the liability.

Exposure of the net balance is hence possible when the offsetting is able to reflect the future cash flows the company expects to obtain through the settling of two or more distinct financial instruments. When an entity has the right and the desire to receive or pay a single net amount, in effect they possess a single financial asset or liability. In other cases, financial assets and liabilities are presented distinctly, in line with whether they represent a resource or an obligation for the entity.

Hedging transactions

The Group makes use of the possibility, granted at first time use of IFRS 9, to continue to make use of the provisions contained in the previous IAS 39 relative to hedge accounting (in the carved out version approved by the European Union), for all types of hedges.

Classification criteria

Risk hedging transactions are aimed at covering risks associated with changes in market value, or of future cash flows related to a specific element or group of elements, such as those having potential effects on the Statement of Profit and Loss. The type of hedge used by the Bank is of the fair value category, its aim is to compensate the risk of variation in fair value (attributable to the various types of risk) of assets and liabilities recorded in the financial statements or portions thereof, of groups of assets/liabilities, irrevocable undertakings and portfolios of financial assets and liabilities, as permitted by IAS 39 and approved by the European Commission.

Recognition criteria

Financial derivative hedging instruments, like all derivatives, are initially recorded and subsequently valued at fair value.

Measurement criteria
In the case of fair value hedges, fair value changes in the hedged element are offset with a fair value change in the hedging instrument. This offsetting is recognised through the Profit and Loss account entry of changes in value, referred both to the hedged instrument (as regards the changes produced by the underlying risk factor), and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently constitutes the net financial effect. A derivative instrument is designated as hedging if there is a formal documentation of the relationship between the hedged item and the hedging instrument and if it is effective from the time the hedge begins and, prospectively and retrospectively, throughout the life of the hedge. The effectiveness of the risk coverage depends on the extent to which the variations of the fair value of the hedged item are offset by that of the hedging instrument. Therefore, the effectiveness is appreciated by comparing the aforementioned changes, taking into account the intent pursued by the company at the time the hedge was implemented. Accounting effectiveness is established when fair value changes in the hedging instrument almost entirely neutralise the changes in the hedged item (i.e. within a 80% - 125% range) for a given risk to the latter (dollar offset method). The assessment of effectiveness is carried out at each financial statement closure or interim period. If the checks do not confirm the effectiveness of the hedge, from that moment hedge accounting is interrupted. The derivative contract is reclassified among trading instruments and the hedged financial instrument is subsequently measured using ordinary measurement criteria defined under the international accounting standards for the item in question. IAS 39 allows for the fair value risk coverage instrument to consist of not only in a single financial asset or liability but also a monetary amount resulting from a multiplicity of financial assets and liabilities (or portion thereof), so that a set of derivative contracts can be used to reduce swings from the fair value of the hedged instruments as market interest rates change (so-called generic hedge or macro-hedging). Net amounts arising from the mismatch of assets and liabilities cannot be the subject of generic hedging.

Equity investments

This item includes equity investments held in associated companies and equity investments held in companies acquired using government grants/third-party funds.

Equity investments in subsidiaries and associated companies

Companies are considered to be associated when at least 20% of voting rights are held, either directly or indirectly, or, even with a smaller percentage of voting rights, significant influence can be identified, defined as the power to participate in determining financial and operating policies, without exercising either control or joint control.

Initial recognition and subsequent measurement of these equity investments is done at cost, as at the settlement date, including any costs or revenues directly attributable to the transaction. In these financial statements, the equity method described in IAS 28 was used to measure equity investments in associated companies, as allowed under IAS 27, paragraph 10 c).

The equity method is applied retroactively starting on the date of acquisition.

In the presence of circumstances such as the investee suffering significant financial difficulties, probability of bankruptcy or other financial reorganization procedures, distribution of a higher dividend than income for the period and existing income reserves, distribution of a higher dividend by the investee than the income in the comprehensive income statement (or statement of comprehensive income for financial companies) in the year when it is declared, an impairment test is carried out pursuant to IAS 36, intended to estimate the recoverable amount of the equity investment and compare it with the book value of the same, to determine any write-downs to be recognised, taking into account the initial difference between the cost of acquisition and the corresponding fraction of the shareholders' equity for the investee on the date of acquisition.

In subsequent years, adjustments are made to annually update the effects of the initial difference between the acquisition cost and carrying amount of the investee, recognising a corresponding change in the value at which the equity investment is recognised in the Income Statement.

With the equity method, the equity investment is initially recognised in accordance with IAS 28 and the book value is increased or decreased to indicate the pertinent portion of the investee's profits/losses realised after the acquisition date. The pertinent portion of profit (loss) for the investee for the year is recognised as a balancing entry in the Income Statement.

An equity investment is recognised using the equity method when it begins to be classified as a subsidiary or associated company. At the time the equity investment is acquired, any difference between the cost of the equity investment and the interest in the net fair value of the investee's assets and liabilities is recognised as follows:

a) goodwill is included in the book value of the equity investment. Amortisation of this goodwill is not allowed;
b) any excess in the interest held in the net fair value of the investee's assets and liabilities with respect to the cost of the equity investment is included as income during the period in which the equity investment is acquired.

Appropriate adjustments must also be made to the associated company's profit (loss) for the year in periods after acquisition, in order to take into account amortisation/depreciation of assets which can be amortised/depreciated based on their respective fair value at acquisition, impairment losses relative to goodwill, property, plant and equipment and other elements which made up fair value at acquisition.

Equity investments acquired with government grants/third-party funds

This category includes equity investments acquired with government grants/third-party funds.

In the light of that indicated above regarding the accounting treatment of contributions received in application of article 1 of Decree Law 142 of 16 December 2019 (see the previous section Part A - ACCOUNTING POLICIES Section 4 - Other aspects - Application of Article 1 of Decree Law 142 of 16 December 2019, Invitalia has created a specific accounting policy for the accounting treatment of all equity investments acquired using what can be classified as government grants/third-party funds under IAS 20, holding that these equity investments, despite having the formal characteristics of equity instruments (IAS 32:11), also cannot be held to fall within the scope of application of international accounting standards which specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27, IAS 28 and IFRS 11).
In particular, also on the basis of a technical opinion acquired for this purpose, it was held that these equity investments are acquired in execution of specific regulatory provisions, making use of public resources or third-party funds. These regulatory provisions establish specific rights for the entity providing the grants/third-party funds and specific obligations for the Agency with reference to equity investments acquired with government grants/third-party funds which essentially do not grant Invitalia the economic effects typical of equity instruments (dividends, impairment, etc.), seen in any equity instrument (whether involving a minority interest, or a financial connection

involving joint control or control), and therefore representing "*a residual interest in the assets of an entity after deducting all its liabilities*" – nor does Invitalia have the power to establish specific actions typical of ownership (e.g. selling the equity investment acquired using the grant/third-party funds received), despite legally owning the shares which represent the share capital of a company. Taking into account the specific nature of the above context, the Agency has adopted a specific accounting policy to recognise and measure equity investments acquired through grants/third-party funds.

Initial recognition and subsequent measurement of these equity investments is done at cost, on the settlement date, including any costs or proceeds directly attributable to the transaction.

At each annual or interim reporting date, an impairment test is carried out. This is done by checking for the existence of the qualitative and quantitative indicators illustrated below. If they are identified, an impairment test is carried out in compliance with the provisions of IAS 36, to estimate the recoverable amount of the equity investment and compare this with the carrying amount of the same, to determine any write-downs necessary. With reference in particular to equity investments for which the individual carrying amount is deemed insignificant - based on International Accounting Standard IAS 1:7 - the equity method is used to determine the recoverable amount of the equity investment, as this approximates the fair value calculated using the simple equity method, to be compared with the book value of the same to determine recognition of any write-downs.

As indicated previously, at each annual or interim reporting date, specific qualitative and quantitative indicators are evaluated, specifically:
- significant financial difficulties suffered of the investee;
- the probability that the investee will declare bankruptcy or enter into other financial reorganization procedures;
- distribution of a higher dividend than income for the period and existing income reserves;
- distribution of a higher dividend by the investee than the income in the comprehensive income statement (or statement of comprehensive income for financial companies) in the year when it is declared.

Equity investments for which this accounting treatment is currently used, both in the individual and consolidated financial statements, are the following:
4. Banca del Mezzogiorno - Mediocredito Centrale S.p.A., limited to the portion regarding the equity investment acquired in Banca Popolare di Bari S.p.A.
5. Equity investment in Invitalia Global Investment S.p.A.
6. Equity investments acquired pursuant to Law 181/89

And, starting in 2021:
4. Acciaierie Italia Holding SpA
5. Reithera Srl
6. TLS Sviluppo Srl

More specifically, these equity investments also include those acquired in connection with the implementation of subsidy measures financed by national and/or EU funds for which the risk is totally or partially covered by said funds.

Companies acquired using third-party funds under management, relative to subsidy measures for which the Agency is exclusively responsible for implementing the said measures, are not recognised among equity investments but under commitments.

Property, plant and equipment

Classification criteria

The item includes land, buildings, furniture, plant and machinery. Property, plant and equipment are initially recognised at cost, which includes, in addition to the purchase price, any directly attributable accessory costs required to purchase the asset and render it operational. Extraordinary maintenance expenses that involve an increase in future economic benefits are recognised as an increase in the value of the assets, while other maintenance costs are recognised in the profit and loss account.

The item also includes renovation costs for third party real estate, which are capitalised in consideration of the fact that for the duration of the contract granting use of the asset (lease, rental, concession, etc.) the user company has control of the assets and can derive future economic benefits from them.

In application of the new accounting standard IFRS 16, property, plant and equipment also include rights of use acquired through leasing, relative to the utilisation of property, plant and equipment for lessees.

Recognition criteria

Tangible fixed assets are initially recognised at purchase cost, inclusive of any directly attributable accessory charges. The cost is increased by any costs subsequently incurred to improve, replace parts or carry out extraordinary maintenance, able to create an increase in future economic benefits. Ordinary maintenance expenses are charged directly to the Statement of Profit and Loss. Based on IFRS 16, leases are recognised using a right of use model, based on which, as of the initial date, the lessee has a financial obligation to make payments to the lessor to compensate for the right to use the underlying asset for the duration of the lease. When the asset is made available to the lessee for use (the initial date), the lessee recognises both the liability and the asset, consisting of the right of use.

Measurement criteria

Property, plant and equipment are measured at cost, minus any depreciation or losses of value. The depreciable value is represented by the cost of the assets (or the redetermined net value when the measurement method adopted is that of redetermining the value), net of the residual value at the end of the depreciation process, if significant. Property is amortised at a rate deemed appropriate to represent the depreciation of the assets over time based on their use, taking into account extraordinary maintenance expenses, which increase the value of the assets.

Remodelling costs for non-owned properties are amortised for a period that does not exceed the duration of the usage contract.

If there is evidence that demonstrates an asset may have lost value, a comparison is made between the carrying value of the asset and its recoverable value. Any adjustments are recognised in the profit and loss account.

If the reasons that led to recognising impairment no longer exit, a reversal is recognised, which cannot exceed the value the asset would have had, net of calculated depreciation, if the impairment had not previously been recognised. With reference to assets consisting of rights of use, recognised on the basis of IFRS 16, these are measured using the cost model based on IAS 16 Property, plant and equipment. In this case, assets are subsequently amortised/depreciated throughout the duration of the lease.

Cancellation criteria

Property, plant and equipment are removed from the statement of financial position at the time of disposal or when the asset is withdrawn from use and no future economic benefits are expected from disposal.

The positive or negative balance between adjustments/reversals on property, plant and equipment held for operating purposes or investment, or constituting inventories of assets measured pursuant to IAS 2, including those relative to assets acquired through financial leases, must be recognised in the profit and loss account under item 180. Net value adjustments/write-backs on property, plant and equipment.
Additionally, for property, plant and equipment measured at fair value for operating or investment purposes and for inventories, the positive or negative balance between write-downs/write-backs must be recognised in the profit and loss account under item 230. Net result of fair value measurement of property, plant and equipment and intangible assets.

Intangible Assets

Classification criteria

Intangible assets are recognised as such if they are identifiable and originate through legal or contractual rights. Goodwill is also recognised among intangible assets, representing the positive difference between the purchase cost and fair value of the assets and liabilities pertaining to an acquired business.

Recognition and measurement criteria

Intangible assets are recorded at cost and adjusted for any related charges only if it is probable that the future financial benefits attributable to the assets will be realised and if the cost of the assets can be reliably determined. Otherwise, the cost of an intangible asset is recognised in the profit and loss account in the financial year in which it was incurred.
Essentially, to recognise an intangible asset, the following conditions must be met:

i. The cost of the asset can be reliably determined.
ii. The asset is able to produce future economic benefits for the company.

Intangible assets must be recognised:

i. At purchase cost, if acquired from third parties or executed on the basis of contracts (contract work in progress). This cost includes any directly attributable accessory charges (e.g. installation and commissioning expenses, notary expenses, registration expenses, any non-deductible VAT) and is decreased by any commercial discounts received. If payment for an intangible asset is deferred beyond the normal terms, the cost must be discounted and determined on the basis of the equivalent cash price; the difference between this amount and the total payment is recognised as a balancing entry to the payable as interest expense throughout the period the debt exists;

ii. At the direct production cost, if constructed in-house: the direct production cost, especially with reference to the group's core business, can include the cost of personnel involved in implementing the intangible asset if this can be easily calculated and adequately demonstrated (e.g. through the preparation of specific reports or time sheets); other attributable costs may include professional fees suffered directly to bring the asset to operational status, as well as costs to determine whether the asset if operating correctly;

iii. With regards to intangible assets acquired so that they can be enjoyed (through a user license), it is possible to capitalise only a one-time fee. Periodic fees (subscription costs, royalties, etc.) are instead considered operating expenses. Under certain circumstances, an intangible asset may be acquired entirely or partially without any expenses, through a government grant. This may occur in the case in which the government transforms or distributes intangible assets such as licenses to activate radio stations, import licenses or units or rights to access other limited resources. The asset received and the contribution are recognised at a symbolic value.

For assets with a defined useful life, the cost is amortised at constant rates or at decreasing rates determined as a function of the flows of economic benefits expected from the asset. Assets with

undefined useful life are not subject to systematic amortisation, but instead undergo periodic tests to verify the adequacy of the value recognised in the financial statements.
If there is evidence that demonstrates an asset may have lost value, its recoverable value is then estimated. The amount of the loss recognised in the profit and loss account is equal to the difference between the book value and recoverable value of the asset.

The positive or negative balance between value adjustments/write-backs relative to intangible assets other than goodwill, including those relative to assets acquired through financial leases and assets granted through operating leases, must be recognised in the profit and loss account under item 190. Net value adjustments/write-backs on intangible assets.
Additionally, for intangible assets measured at fair value, the positive or negative balance between write-downs/write-backs must be recognised in the profit and loss account under item 230. Net result of fair value measurement of property, plant and equipment and intangible assets.

Cancellation criteria
An intangible asset is eliminated from the statement of financial position at the time of disposal or when future financial benefits are no longer expected.

Non-current assets and asset groups held for sale
The separate recognition of "Non-current assets and asset disposal groups held for sale" and the relative liabilities in "Associated liabilities held for sale" responds to the need to provide more transparent information to readers of the financial statements. Current assets, vice versa, can be classified within the item "Non-current assets held for sale" solely when they are part of a disposal group. An asset disposal group is a collection of directly associated assets and liabilities, such as a cash generating unit, held for disposal through sale or otherwise, in a single transaction. In the case of asset groups, the assets and liabilities must be recognised separately in the financial statements, without the possibility of offsetting the two positions. The measurement standards outlined below do not apply to deferred tax assets, assets associated with employee benefits and financial assets falling under the scope of IFRS 9, whether they are held for sale as individual assets or included in an asset disposal group. Vice versa, the classification methods apply indistinctly to all non-current and current assets when included in a disposal group "held for sale", as well as the relative liabilities.
Assets held for sale are measured at the lower between the book value and the fair value net of sales costs, and are represented separately and distinctly in the financial statements.
The following assets can be classified as assets held for sale:
i. Individual non-current assets;
ii. asset disposal groups or asset and liability disposal groups;
iii. discontinued operations.
Discontinued operations means a part of a company (for example a business unit) classified as held for sale and:
i. Representing a significant area of business or geographic area of business;
ii. Part of a coordinated plan to dispose of an area of business or geographic area of business, or
iii. A subsidiary acquired solely for the purposes of being resold.

Classification of assets held for sale
Classification within assets held for sale can be chosen if the following conditions are met:
i. The book value is mainly recovered through sale, rather than through operating use;
ii. The sale is highly probable.
The sale is considered highly probable if:

i. Company management is committed to the sale through a sales plan and a plan to identify the buyer;

ii. The sales price is reasonable with relation to the current fair value;
iii. The sale is to occur within one year of the reclassification date;
iv. Activities to complete the plan suggest it is unlikely that significant changes will be made to the sales plan or that the plan will be withdrawn.

Extension of the cited one-year period to complete the sale does not preclude classification among "assets held for sale" if the delay is caused by events or circumstances outside the control of company management and if sufficient evidence exists that management will remain obligated relative to the sales plan.
If the sales period extends past one year, the classification of assets held for sale must be maintained in the following cases:
i. Company management is committed to the sales plan but expects that others, not the buyer, will impose conditions on the sale which will increase the period necessary for the disposal;
ii. There is a binding commitment to purchase but the buyer or other parties impose new conditions on the sale, unexpectedly;
iii. During the initial one year period circumstances arise which were previously considered improbable and which increase the sales period.

The requirements above must exist as of the financial statements reporting date. Any assets (of asset groups) which meet these requirements after the financial statements reporting date but prior to approval of the same lead exclusively to the need for a similar disclosure to that required in the first financial year in which the asset was classified as an "asset held for sale".
Within the company, this item indicates non-strategic investments up for sale or for which the disposal process has begun. These assets, both due to the Group's operating characteristics and the special nature of the assets held for sale (associated with disposal or liquidation times) may, in specific cases, be classified under and kept in this item regardless of liquidation/disposal schedules.

Measurement of assets held for sale
Assets held for sale must be measured at the lower between the book value and the fair value net of sales costs.
If the sale extends for more than one year, sales costs must be measured at the current value. Any increase in the current value of the sales cost deriving from the passage of time must be recognised in the profit and loss account as a financial charge.
The book value of assets held for sale must be determined immediately prior to classification, taking into account the IFRS/IAS applied up to that time. At the financial statements (or interim) reporting date, the book value determined in this way must be aligned with the fair value net of sales costs for the asset held for sale, if this amount is lower, recognising a write-down. In the case of a cash generating unit, the write-down must be recognised as a decrease in the book value of any goodwill allocated, and subsequently to reduce the other assets in proportion to their respective book value.
Capital gains cannot be recognised in excess of cumulative write-downs.
Assets held for sale must not be amortised after they have been classified as such.
Assets held for sale which are part of a business combination must be valued exclusively at fair value net of sales costs.
Fair value adjustments net of sales costs deriving from classification are recognised in the profit and loss account as impairment, while any write-backs deriving from fair value increases net of sales costs may only be recognised within the limits of the impairment previously recognised.
If the conditions required for classification among assets held for sale no longer exist, the relative assets must be recognised at the lower between:

i. The book value prior to classification as assets held for sale, adjusted for any amortisation, depreciation or remeasurement that would have been recognised if the classification had not been made, and
ii. The value recoverable through use.
Book value adjustments deriving from removal of classification as assets held for sale must be recognised in the profit and loss account among capital gains and losses relative to operating assets.

Representation of assets held for sale in the financial statements
Assets held for sale must be separately recognised in the statement of financial position, without adjusted the comparative information, based on the following criteria:
i. Non-current assets must be represented as current assets in a separate entry;
ii. Assets and liabilities for an asset held for sale must be represented as current assets and liabilities in a single separate entry without the possibility for offsetting;
iii. Cost and revenue components recognised in the schedule of other profit and loss components and relative to a non-current asset or assets or liabilities of an asset held for sale must be recognised separately.
Equity investments in subsidiaries or joint ventures held for sale are not excluded from consolidation, but must be recognised in the statement of financial position schedule in separate entries, indicating the total assets and liabilities of the subsidiary, measured at the lesser between the book value and fair value net of sales costs.
Solely for discontinued operations, a single amount is recognised in the profit and loss account, deriving from:
i. Profit and loss after tax realised in the held for sale period and in all previous periods presented;
ii. Gains and losses after taxes deriving from fair value adjustment and disposal.
Additionally, the following must be indicated in the notes:
i. The amount of revenue, costs, profit or loss before taxes;
ii. The amount of income taxes;
iii. The amount of gains and losses after taxes deriving from fair value adjustment and disposal.
In the statement of cash flows, the amount of cash flows deriving from operating activity and financing of the discontinued operation must be reported separately.
The positive or negative balance of income (interest, dividends, etc.) and charges (interest payable, amortisation, etc.) relative to groups of assets held for sale and the associated liabilities, net of current and deferred taxes, must be recognised in the profit and loss account under item 290. Profit (loss) after tax from discontinued operations.

Other assets

This item includes assets, which cannot be classified under other balance sheet asset items. It includes, among other things, receivables connected with the provision of activities and services, other than financial activities and services as defined under the Consolidated Banking Law (TUB) and the Consolidated Law on Finance (TUF), tax items other than those recognised under "Tax assets" and prepayments other than those capitalised with regards to the associated financial assets.

The item also includes improvements and incremental expenses incurred for leased assets other than those classified under the item "Property, plant and equipment", as well as an inventories of assets based on the definition in IAS 2, with the exception of those classified as property, plant and equipment inventories.

This item includes receivables and debt securities disbursed through administrated funds on the account of the government or other public entities, with management remunerated solely through a lump sum fee (commission) and which, therefore, can be classified as mere services.

Financial liabilities measured at amortised cost

Classification criteria
Amounts due to banks, due to customers and securities issued include the various types of funding. They also include payables recognised by the business as the lessee for financial leasing operations.

Recognition criteria
Initial recognition of these financial liabilities occurs on the date the contract is signed, which normally coincides with the time the sums are received or the debt securities are issued. Initial recognition is done on the basis of the fair value of the liability, normally equal to the amount received or the issue price, plus an additional costs/proceeds directly attributable to the individual funding operation. Internal administrative costs are excluded.

Measurement criteria
After initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.
Short-term liabilities are the exception, for which the temporal factor is negligible. These continue to be recognised at the value received.

Cancellation criteria
Financial liabilities are cancelled from the financial statements when they mature or are paid off. Cancellations also occur when previously issued bonds are repurchased. The difference between the book value of the liability and the amount paid to acquire it is recognised in the profit and loss account. When own securities are again placed on the market after repurchase, this is considered a new issue, with recognition at the new placement price.
In the case of a repurchase of own financial liabilities, the positive or negative balance between profits and losses must be recognised under item 100. Profit/loss from sale or repurchase of c) financial liabilities.

Other liabilities
The item other liabilities includes security deposits received in cash from third parties and tax payables due after twelve months.
The item other liabilities also includes: other short-term payables to third parties; other types of payables (for example: payables due to social security entities, amounts due to employees for wages to be paid; payables for amounts received in the name of and on the account of third parties; payables for advances from clients); accrued expenses and deferred income.
Also for short-term financial instruments in liabilities, for the purposes of measurement/valuation at amortised cost no discounting of the financial instrument is done, as the effect is insignificant.
With reference to payables due to personnel, these are obligations to pay a determined amount on an established date. Hence, these are certain liabilities with regards to their existence and amount. Those which are probable or based on estimates and actuarial calculations are recognised under the item employee benefits.
In particular, this item includes the following types of payables:

i. Amounts due to insurance and social security institutions;

ii. Accrued expenses and deferred income;
iii. Advances from suppliers.

Payables represent an obligation to pay a determined amount on an established date. Hence, these are certain liabilities with regards to their existence and amount. Those which are probable or based on estimates are recognised among provisions.
The item also includes interest expense deriving from amounts due to others, both when the accrual period is relative to two accounting periods and when the interest is fully accrued at the end of the period.

This item includes payables for third-party funds managed on the account of the state or other public entities for which this management can be classified as a mere service and is remunerated solely with a lump sum payment (commission). This item also includes sums made available by public entities for a limited period of time, on the condition that they are fully economically and financial available to the intermediary and do not accrue interest.

Payables for third-party funds administered on the account of the government or other public entities relative to subsidy measures which the Agency provides solely as an agent are not recognised in this item, but are instead recognised among commitments together with the relative loans.

This item also includes government grants received based on that indicated in the section "Government grants" below.

Government grants
IAS 20 establishes that government grants must be recognised in the consolidated financial statements if and only if there is "reasonable certainty" that:
i. The entity will respect the established conditions;
ii. The contributions will be received.
Government grants must be recognised based on the profit system, that is they must be recognised among profit in the profit and loss account, based on a systematic and rational criteria, in financial years necessary to correlate them with the costs to which they refer.
Government grants cannot be recognised directly in shareholders' equity. In other words, recognition based on the "equity system" is not allowed.

Types of government grants:
IAS 20 establishes the following types of government grants:
i. **Capital Grants/Systems Grants**: Capital grants mean "government grants for which an essential condition for being a recipient is building or in any case acquiring a fixed asset". The grant is hence linked to the execution or purchase (or other type of acquisition) of property, plant and equipment or intangible assets, whose utility is extended over time, or instrumental goods for the company;

Accounting:
"Capital grants" are treated for accounting purposes on the basis of the "profit criteria", that is through systematic recognition in the Statement of Profit and Loss, with two possible representation methods allowed under IAS 20.
The first method, the "deferred revenue method", calls for recognising the grant as deferred revenue, which must be recognised as proceeds - a positive income component - based on a systematic and rational criteria used throughout the useful life of the asset acquired or constructed. Essentially, with this method the grant is initially suspended between deferred revenue in the Statement of Financial Position liabilities, transferring to future years the

portion of the grant not accruing during the year through recognition of deferred income. The amount of deferred income is progressively reduced to zero, by recognising the portion of the grant accruing in subsequent years in the Statement of Profit and Loss, based on the useful life of the assets.
The second method, the "net representation method", involves recognising the asset acquired (or constructed) in the financial statements, net of the grant issued for acquisition of the same. In this manner, the grant impacts the Statement of Profit and Loss indirectly, by reducing the amortisation/depreciation rates for the asset acquired (or constructed).

The method previously selected by Invitalia to recognise this type of grant is the "deferred revenue method", within the Other Liabilities item. In essence, the value of this type of grant is suspended within Liabilities and progressively released to the Statement of Profit and Loss within the item "Other operating income" proportionally to the duration of the useful life of the reference asset, thereby correlating it to amortisation/depreciation of the asset itself.

ii. **Operating grants**: Operating grants refers to a residual category, or all government grants other than capital grants.
Accounting:
This type of grant, associated with cost components, must be recognised with "Other operating income", and systematically distributed in the various financial years in which they accrue so that the revenue is commensurate with the costs it is intended to offset.
In line with the "profit" criteria, if a grant is related to future costs, the contribution is recognised in the profit and loss account in the financial year in which the charge for which the contribution was recognised occurred. In the event that a grant is paid in order to provide financial support to the company, the grant is recognised in the profit and loss account only in the financial year in which it becomes payable.

Given the company's characteristics, with specific reference to capital grants, the relative assets can be recognised based on the activity to which the grant itself refers, for example:

- item 40 - Financial assets measured at amortised cost
- item 70 - Equity investments
- 80. Property, plant and equipment
- 110. Non-current assets and asset groups held for sale
- 120. Other assets – [Inventories];

Information pursuant to paragraphs 125 and subsequent of article 35 of Italian Legislative Decree No. 34 of 30 April 2019 are reported in the individual items to which the grants, subsidies, etc. refer.

This item also includes the grant received pursuant to article 1, paragraph 1 of Decree Law 14 of 16/12/19. For more information about the accounting treatment, please see that found in Section 4 - Other Aspects, within Part A1 - General Section, in this Notes.

Employee termination benefits (employee benefits)
The liability related to benefits guaranteed to employees paid in connection at or after the termination of employment through defined benefit plans, as represented by the Employee

Severance Indemnity, is recorded in the vesting period, net of any assets servicing the plan and the advances paid, and is determined on the basis of actuarial assumptions and entered under the accruals principle in accordance with the work performed in order to earn the benefits themselves.

For the purposes of discounting, we adopt the Projected Unit Credit Method. The costs of the plan are recorded in the profit and loss account for the period.
Actuarial gains and losses are entirely recognised in the reference period and are recorded under shareholders' equity.
The actuarial analysis is carried out annually by an independent actuary.

Provisions for risks and charges
Provisions are instated exclusively when:
- a current obligation exists (legal or implicit) as a result of a past event;
- there is a probability resources will be required to produce economic benefits to fulfil the obligation and a reliable estimate of the amount of the obligation can be made.

The provisions are recorded at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the closing date of the financial year. Risks for which only the emergence of a liability is possible are disclosed in these notes or in the Directors' Report on Operations, without making any applicable provision. If the effect of discounting is significant, the provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money and the specific risks of the liabilities. When discounting is applied, the increase in the provision due to the passage of time is recognised as a financing cost [interest expense].

Current and deferred taxes
The effects related to current and deferred taxes calculated in compliance with national tax legislation on the basis of the accruals method are recorded, in line with the methods for recognising the costs and revenue that generated them, applying current tax rates.
Income taxes are recorded in the profit and loss account with the exception of those related to items debited or credited directly to equity.
The provision for income taxes is determined on the basis of a prudent forecast of the current, anticipated and deferred tax burdens.
Prepaid and deferred taxes are calculated on the basis of temporary differences - without time limits - between the value attributed to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes.
Prepaid and deferred taxes are recorded:
- prepaid taxes only if the probability of their recovery exists, assessed on the basis of the company's ability to continuously generate positive taxable income;
- deferred taxes, if they exist, are recorded in any case.

Assets and liabilities recorded for prepaid and deferred taxes are systematically valued to take account of any changes in the regulations or rates.
If deferred tax assets and liabilities refer to components that have affected the profit and loss account, the contra-entry is represented by income taxes. In the cases in which prepaid and deferred tax relate to transactions that directly affected the shareholders' equity without affecting the profit and loss account (such as the valuation of financial instruments available for sale or financial flow hedging derivatives), these are recorded as contra-entries under shareholders' equity, with an effect on the related specific reserves.

Recognition of revenue
Revenue is recognised once a customer obtains control over the goods. Identification of transfer of control is determined on the basis of a five-stage analysis model which applies to all revenue from contracts with customers:
i. Identification of the contract with the customer;
ii. Identification of performance obligations (contractual commitments to transfer goods and/or services to the customer);
iii. Determination of the transaction price;
iv. Allocation of the transaction price for the performance obligations identified on the basis of the stand alone sales price for each good or service;
v. Recognition of the revenue for each individual performance obligation one it has been satisfied.

Every time a contract is signed with a client, the Company, in relation to the goods or services promised, identifies as a separate performance obligation each distinct promise to transfer a good, service, series of goods, or series of services, or combination of goods and services. Revenue is measured in correspondence with the fair value of the fee due, including any variable components, when it is believed to be highly probable that it will not be reversed in the future.
Revenue can be recognised:
- at a precise moment, when the entity fulfils its performance obligation by transferring the promised good or service to the client, or
- over time, as the entity gradually fulfils its performance obligation by transferring the promised good or service to the client.

Revenue is recognised to the extent that it is possible to reliably determine its value and according to the probability that the related financial benefits will be achieved by the Company.
Depending on the type of transaction, revenue is recognised on the basis of the specific criteria set out below:
- Provision of services/sale of assets - this revenue is recognised only if:

a) the parties to the contract have approved the contract (in writing, orally or in compliance with other common commercial practices) and have undertaken to fulfil their respective obligations;
b) the company can identify the rights of each of the parties with regards to the assets or services to be transferred/provided;
c) the company can identify the payment conditions for the assets or services to be transferred/provided;
d) the contract has commercial substance (that is the risk, schedule and amount of future cash flows change following establishment of the contract);
e) it is probable that the company will receive the payment it has the right to in exchange for the assets or services that will be transferred/provided to the client. In assessing the probability of receiving the payment, the company must take into account solely the ability and intention of the client to pay the amount when due. If the payment is variable, the amount of the payment the company will have the right to may be lower than the price established in the contract, because the company may grant the client a discount on the price.

Invitalia essentially operates with two different cases:

- **Contracts for the sale/execution of goods/services:** in which the revenue from the public administration is directly commensurate with the costs sustained, which are reported to and approved by the same.
  In all contracts in this category, revenue is classified as a reimbursement for costs (contract at cost), recognised under the sub-item 5 "services" of "Commission Income", which includes both

payments and grants to reimburse costs incurred to carry out activities connected to operating programmes assigned by the relevant administrations.
This occurs in situations in which Invitalia carries out a service mainly through the use of its own labour and accounting for the same.
The amount of this revenue, hence, is represented by external costs to acquire goods and services, internal costs for personnel who provide the service and general expenses calculated as a percentage of direct costs (external and internal).

- **Contracts based on which it acts as the "Delegated Contracting Authority":** the public administration contracts Invitalia to carry out the call for tender to execute a work or service by a third supplier.
  This occurs in situations in which Invitalia creates a work or service and then returns it "turnkey" to the Client.
  Hence, two types of costs are recognised:
  - The external cost of the supplier awarded the contract (pass through cost for Invitalia);
  - The internal cost of personnel who handle the administrative/bureaucratic management of the contract.

  Pursuant to the new accounting standard IFRS 15, the contractual price component relative to contracts identified as "delegated contracting authority", characterised by the fact that Invitalia acts as an agent, or in which the performance obligation consists in acting so as to ensure a third party supplies the specific good or service, the portion relative to the cost of the third party supplier is no longer recognised among revenue, but serves to reduce the cost sustained to fulfil the performance obligation.

- Interest - Income is recognised on the basis of interest accrued on the net value of the related financial assets using the effective interest rate (rate that precisely discounts estimated future cash flows at the net carrying amount of the asset);

- Dividends - These are recorded when the shareholders' right to receive payment is established.

Use of estimates and assumptions in the preparation of financial disclosures

In accordance with IAS/IFRS, the company management formulates assessments, estimates and assumptions to support the application of accounting standards for determining the amounts of assets, liabilities, costs and revenue recorded in the financial statements. The estimates and related assumptions are based on past experience and other factors considered reasonable in the case in question, and have been adopted to estimate the book value of assets and liabilities which is not easily deducible from other sources.

In particular, estimation processes have been adopted to support the recognition value of the most significant valuation items recorded in the Financial Statements as at 31 December 2020, as required by the accounting standards in force and by the reference standards described above.

These processes are based largely on estimates of future recoverability of the values recorded in the financial statements and were carried out with a view to business continuity, i.e. excluding the possibility of forced liquidation of the items being valued. The estimates and related assumptions are based on past experience and on other factors considered reasonable in relation to the assets and liabilities for which the relative value is not easily deducible from other sources.

The estimates and hypotheses are reviewed regularly, taking into account the best information available at the time of the natural review of the same, including the historical experience

specifically developed by the Company. Any changes resulting from these revisions are recorded in the period in which the revision is carried out if the same affect only that period. On the other hand, where the review involves both current and future periods, the change is recognised in the period in which the review is carried out and in the relative future periods.
The main cases where the use of subjective assessments is required in these Financial Statements are listed below:

- Quantification of losses due to impairment of loans and other financial assets (determined for impaired loans on the basis of the estimate of future cash flows net of recovery costs and the presumed value of collateral);

- Quantification of the provisions for risks and charges (determined based on estimates of outflows necessary to comply with obligations for which the use of resources is deemed probable);

- Quantification of severance indemnity (determined using the estimate of the current value of obligations related to probable disbursements that are discounted considering financial aspects - interest rates - presumed salary trends, turnover rates and demographic data);

- Tax assets (the entry of items related to tax assets is based on the hypothesis that in the coming years the Agency will generate taxable income for amounts that, with reasonable certainty, will sustain offsets on the future taxes to be paid on said income and thus the full absorption of deferred tax assets).

- the determination of fair value when measuring non-current assets and asset groups held for sale.

Please see "Section 4 - Other aspects - Impacts of COVID-19 - Risks and uncertainties connected with the use of estimates" in Part A of the Notes for a complete description of the main cases in which the use of subjective assessments is required.

A.3 Information on transfers between portfolios of financial assets

No transfers were made between financial asset portfolios in 2020.

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

Mutual investment funds not listed on an active market, for which the fair value is expressed by their NAV, on the basis of which the issuing AMC must liquidate the units, are generally considered to fall in level 2. The NAV may be corrected to take into account difficulties in liquidating the fund, or to take into account possible changes in value during the time between the date on which reimbursement is requested and the effective reimbursement date, or to take into account any exit fees. The fair value measurement is made on the basis of the NAV, which may be duly corrected to take into account difficulties in liquidating the investment or the time which passes between the date on which reimbursement is requested and the effective reimbursement date, or to take any exit fees into account.

Level 3 includes insurance policies, for which the value of the insured capital corresponds to consolidated capital on the starting date, plus any net returns. To measure the fair value of policies, the surrender value communicated by the insurance company in the periodic statement is used, net of any surrender fees anticipated.

A.4.2 Measurement processes and sensitivity

The type of instruments included under level 3, given that they require some use of estimate-based financial methods, make measurement of these not significantly able to be influenced by changes in input.

In terms of determining the fair value of derivatives, level 2 in put is used, as these instruments are not traded on active markets. In particular, fair value is determined based on spot interest rate curves and forward values, as well as volatility of money market rates. Derivatives in the portfolio, all of which are hedges, consist of IRS (collected a fixed rate, paid at Euribor 6-month) covering liabilities.
Measurement of these positions is done on the basis of the profit method. In particular, this involves applying the discounted cash-flow method, which involves:

- an estimate of uncertain future interest flows, indexed to the Euribor 6-month, carried out by determining the forward values of the parameter implicit in the specific spot rate curve on the reference date;
- discounting of certain future interest flows and estimated future interest flows based on the previous point, to take into account the temporal value of the money.

In terms of measuring counter-party risk, derivatives assisted by credit support annexes (CSA), with cash collateral and daily margining: counterparty risk for these positions is negligible and therefore no Credit Value Adjustment / Debt Value Adjustment (CVA/DVA) is applied;

Following this structure, market factors influencing determination of the fair value of the derivatives refer to risk-free interest rates, EUR IRS interest rates and forward values for the Euribor 3/6 month rates.

Input data for measurement models:

The discount factor curve used to determine fair value is obtained from a zero-coupon rate cure, using the day count ACT/365 convention and the composed capitalisation regime. In turn, the zero-coupon rate curve is obtained through bootstrapping and linear interpolation of the EURI OIS interest rate curve for the market (Reuters), as these are cash collateralised derivatives, with daily margins and remuneration at the EONIA rate. The forward values for the Euribor 3/6 months are calculated based on the zero-coupon rate curve obtained through bootstrapping and linear interpolation starting with futures contracts and forward rate agreements (for maturities up to 12 months) and EUR IRS rates (for subsequent maturities).

A.4.3 Fair value hierarchy

With regards to classifying portfolios based on fair value hierarchy, we here present the three levels:

- the fair value of a financial instrument is classified as **level 1** when it is an instrument listed on active markets which allow market prices to be used in a reliable manner for the purposes of measurement;

- the fair value of a financial instrument is classified as **level 2** when it is an instrument not listed on an active market, but which in any case allows the respective fair value to be measured using measurement models based on observable market prices;

- the fair value of a financial instrument is classified as **level 3** when it is an instrument not listed on an active market, and its respective fair value cannot be determined using measurement models based on observable market prices.

A.4.4 Other information

This information is not provided as it is not applicable.

Quantitative criteria

A.4.5 Fair value hierarchy

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

Assets/liabilities at fair value	2020			2019		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit and loss						
a) Financial assets held for trading	11,289			19,172		
b) Financial Assets Designated at Fair Value						
c) Other financial assets mandatorily at fair value	-	29,400	44,915	-	16,817	55,555
2. Financial assets measured at fair value through other comprehensive income	946,590	-	3,153	747,966		
3. Hedging derivatives		90,202	-	-	88,039	
4. Property, plant and equipment						
5. Intangible assets						
Total	**957,879**	**119,602**	**48,068**	**767,138**	**104,856**	**55,555**
1. Financial liabilities held for trading						
2. Financial liabilities at fair value						
3. Hedging derivatives					(2,248)	
Total	**-**	**-**	**-**	**-**	**(2,248)**	**-**

Key:

L1= Level 1

L2= Level 2

L3= Level 3

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit and loss				Financial assets measured at fair value through other comprehensive	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) Financial Assets Designated at Fair Value	of which: c) Other financial assets mandatorily at fair value				
1. Initial balance	**55,555**			**55,555**				
2. Increases	**850**		**-**	**850**	**3,449**	**-**	**-**	**-**
2.1. Purchases	-			-	3,449			
2.2. Profits recognised in:	-							
2.2.1 Statement of Profit and Loss	-							
of which: capital gains	-							
2.2.2 Shareholders' equity	-							
2.3. Transfers from other levels	-							
2.4. Other increases	850			850				
3. Decreases	**(11,490)**		**-**	**(11,490)**	**(296)**	**-**	**-**	**-**
3.1. Sales	0							
3.2. Repayments	(11,418)			(11,418)				
3.3. Losses recognised in:	-							
3.3.1 Statement of Profit and Loss	0		-					
of which: capital losses	0							
3.3.2 Shareholders' equity	-				(296)			
3.4. Transfers to other levels	-							
3.5. Other decreases	(72)			(72)				
4. Closing balance	**44,915**	**-**	**-**	**44,915**	**3,153**	**-**	**-**	**-**

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

No changes were seen in this table.

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

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	2020				2019			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	3,770,723	74,367	1,569	3,658,775	2,783,430	113,468	1,632	2,668,330
2. Tangible assets held for investment purposes								
3. Non-current assets and asset groups held for sale	304,886			304,886	263,106			263,106
Total	**4,075,609**	**74,367**	**1,569**	**3,963,661**	**3,046,536**	**113,468**	**1,632**	**2,931,436**
1. Financial liabilities measured at amortised cost	3,151,274			3,151,274	2,558,762			2,558,762
2. Liabilities associated with assets in disposal	79,046			79,046	72,454			72,454
Total	**3,230,320**	**-**	**-**	**3,230,320**	**2,631,216**	**-**	**-**	**2,631,216**

Key:
L1= Level 1
L2= Level 2
L3= Level 3

PART B - INFORMATION ON THE BALANCE SHEET

Part B - Information on the Balance Sheet
ASSETS

Amounts expressed in these notes are in €/000, unless otherwise specified.

Section 1 - Cash and cash equivalents

1.1 Cash and cash equivalents: breakdown

Items/Values	Total 31/12/2020	Total 31/12/2019
a) Cash	10	12
b) On demand deposits with central banks	111	1,055
Total	**121**	**1,067**

The item refers to the balance of cash and cash equivalents, including two credit cards used for urgent expenses of small amounts.

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

Description	31/12/2020	31/12/2019
a) financial assets held for trading	11,289	19,172
b) financial assets designated at fair value	0	0
c) other financial assets mandatorily measured at fair value	74,316	72,372
Total	**85,605**	**91,544**

Financial assets measured at fair value through profit and loss represent 21% of all the proprietary cash managed by the Agency. Of this amount, only 20% consist of trading securities, essentially in the form of domestic bonds with an average financial duration of 1 year and a residual life of 2 years, which provided around € 460,000 in proceeds to the net result of financial management. 85% of the remaining portion of financial assets at fair value essentially consist of investment policies with obligatory internal prudential management, stipulated with major insurance companies with the aim of stabilising revenue from cash and cash equivalents managed. The remaining 15% is made up of unit linked policies with capital protection. As a whole, policies contributed an amount of just over € 740,000 to the Statement of Profit and Loss.

2.1 Financial assets held for trading: product composition

Items/Values	Total 31/12/2020			Total 31/12/2019		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	11,289	-	-	13,151	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	11,289	-	-	13,151	-	-
2. Equity securities and UCITS shares	-	-	-	6,021	-	-
3. Financing	-	-	-	-	-	-
Total (A)	**11,289**	**-**	**-**	**19,172**	**-**	**-**
B. Derivatives	-	-	-	-	-	-
1. Financial derivatives	-	-	-	-	-	-
1.1 trading	-	-	-	-	-	-
1.2 connected to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**11,289**	**-**	**-**	**19,172**	**-**	**-**

The sub-item "Financial assets held for trading", for € 11,289,000, consists of domestic bonds with an average financial duration of 1 year and a residual life of 2 years, which contributed around € 460,000 in proceeds to the net result of financial management.

2.3 Financial assets held for trading: breakdown by debtors/issuers/counterparties

Items/Values	Total 31/12/2020	Total 31/12/201
A. Cash assets		
1. Debt securities	11,289	13,151
a) Public administrations	-	-
b) Banks	11,289	13,151
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equity securities	-	-
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. UCITS shares	-	6,021
4. Financing	-	-

a) Public administrations	-	-
b) Banks	-	-
B. Derivatives	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total (A)	**11,289**	**19,172**
B. Derivatives		
a) Central Counterparts	-	-
b) Other	-	-
Total (B)	**-**	**-**
Total (A+B)	**11,289**	**19,172**

Please see Annex A.1 for details of the change.

2.4 Financial assets designated at fair value: product composition

No changes were registered in this item during the year after reclassification of capitalisation policies to the sub-item "*Financial assets mandatorily measured at fair value".*

2.5 Financial assets designated at fair value: breakdown by debtors/issuers

This item has a zero value for the year after reclassification of capitalisation policies to the sub-item "*Financial assets mandatorily measured at fair value".*

2.6 Other financial assets mandatorily measured at fair value: product composition

Items/Values	Total 31/12/2020			Total 31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**0**	**-**	**-**	**0**
3. UCITS units	**-**	**29,400**	**-**	**-**	**16,817**	**-**
4. Financing	**-**	**-**	**44,915**	**-**	**-**	**55,555**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	44,915	-	-	-
Total	**-**	**29,400**	**44,915**	**-**	**16,817**	**55,555**

The sub-item Financial assets mandatorily measured at fair value includes € 44,911,000 in investment policies with obligatory internal prudential management for 85% of investments, stipulated with major insurance companies with the aim of stabilising revenue from cash and cash equivalents managed. The remaining 15% is made up of unit linked policies with capital protection. As a whole, policies contributed an amount of just over € 740,000 to the Statement of Profit and Loss.

The also includes, for € 904,000 (€ 1,007,000 in 2019), the severance indemnity (TFR) investment policy, which refers to the partial investment of employee severance indemnities as accrued at 31.12.1999 for employees of the former IG SpA, reclassified to the item "Other Assets".
Financial assets at fair value also include units representing medium and long-term investments in closed-end funds for € 29.4 million.
The method used to determine the fair value of UCITS units is based on the latest NAV (Net Asset Value) available as notified by the fund manager. This NAV is modified on the basis of the calls and reimbursements notified by the managers between the date of the last official NAV valuation the and the valuation date.

2.7 Other financial assets mandatorily measured at fair value: breakdown by debtors/issuers

	Total 31/12/2020	Total 31/12/2019
1. Equity securities	**0**	**0**
of which: banks	-	-
of which: other financial companies	0	0
of which: non-financial companies	-	-
2. Debt securities	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. UCITS units	**29,400**	**16,817**
4. Financing	**44,915**	**55,555**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	44,915	55,555
of which: insurance companies	44,915	55,555
d) Non-financial companies	-	-
e) Households	-	-
Total	**74,316**	**72,372**

Please see Annex A.3 for details of the change.

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

949,744	**747,966**

3.1 Financial assets measured at fair value through other comprehensive income: product composition

Items/Values	31/12/2020			31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**938,238**	**-**	**-**	**747,966**	**-**	**-**
1.2 Other debt securities	938,238	-	-	747,966	-	-
2. Equity securities	**8,353**	**-**	**3,153**	**-**	**-**	**-**
3. Financing	-	-	-	-	-	-
Total	**946,591**		**3,153**	**747,966**		

The item "financial assets measured at fair value through other comprehensive income", at 949.7 million (748 million at 31 December 2019), consists of investments in Italian government securities for 938.2 million. Equity securities refer to equity instruments acquired in the context of creditor arrangement procedures relative to certain creditor positions, as well as investments in stocks that cannot be classified as equity investments. These assets are held by the subsidiary Banca del Mezzogiorno – MedioCredito Centrale.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtors/issuers

Items/Values	Total 31/12/2020	Total 31/12/2019
1. Debt securities	**938,238**	**747,966**
a) Public administrations	938,238	747,966
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equity securities	**11,506**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	11,506	
d) Non-financial companies	-	-
e) Households	-	-
Total	**949,744**	**747,966**

The item "financial assets measured at fair value" consists solely of Italian government securities (BTP) with a residual life of 2.8 years, held by the subsidiary Banca del Mezzogiorno-MedioCredito Centrale. The item suffered from a decrease, mainly due to the trend in the sovereign spread.

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

	Gross value				Total value adjustments			Total partial write-offs (*)
	Stage one	of which: Low credit risk instruments	Stage two	Stage three	Stage one	Stage two	Stage three	
Debt securities	939,301	939,301	-	-	(1,063)	-	-	-
Financing	-	-	-	-	-	-	-	-
Total	**939,301**	**939,301**	**-**	**-**	**(1,063)**	**-**	**-**	
of which: impaired financial assets	-	-	-	-	-	-	-	-

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

The item is as follows:

Description	2020	2019
a) Loans to Banks	1,063,375	650,266
b) Loans to Financial Companies	62,082	97,258
c) Loans to Customers	2,629,868	2,035,906
Total	**3,755,325**	**2,783,430**

a) Loans to banks

The item "Loans to banks" includes on-demand financial resources, restricted resources to implement subsidies and resources dedicated "to contracts and agreements". For this reason, the book value is a reasonable approximation of the fair value, which is conventionally classified as level 3 in the fair value hierarchy.

4.1 Financial assets measured at amortised cost: product composition of loans to banks

	2020						2019					
	Book Value			Fair Value			Book Value			Fair Value		
	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3
1. Deposits and savings accounts	**1,025,519**	**-**	**-**	**-**	**-**	**1,025,519**	**596,164**	**-**	**-**	**-**	**-**	**596,164**
2. Financing	**4,516**	**-**	**-**	**-**	**-**	**4,516**	**538**	**-**	**-**	**-**	**-**	**538**
2.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Financial leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other loans	4,516	-	-	-	-	4,516	538	-	-	-	-	538
3. Debt securities	**33,340**	**-**	**-**	**-**	**-**	**12,732**	**53,564**	**-**	**-**	**53,564**	**-**	**-**
3.1 structured securities	-	-	-	-	-	-	-	-	-		-	-
3.2 other debt securities	33,340	-	-		-	12,732	53,564	-	-	53,564	-	-
4. Other assets		**-**	**-**	**-**	**-**			**-**	**-**		**-**	**-**
Total	**1,063,375**	**-**	**-**	**-**	**-**	**1,042,767**	**650,266**	**-**	**-**	**53,564**	**-**	**596,702**

The sub-item "Deposits and current accounts" includes:

Ordinary deposits		**120,323**
- of which restricted (ISMEA dispute)	*16,918*	
Financial resources dedicated to contracts and/or agreements		**263,579**
Financial resources from domestic and EU funds		**641,618**
Total available		**1,025,520**

- financial resources available on demand for current operations for € 120,323,000, of which € 16,918,000 refers to a restricted amount in a joint account with ISMEA based on the settlement agreement signed in December 2016, until the result of the ISA/ISMEA dispute described in the Directors' Report on Operations.
- Financial resources "exclusively and non-exclusively" dedicated to contracts and agreements for € 263,579,000, detailed as follows:

	2020	2019
Regional Broadband and Ultra-Broadband contracts	247,070	191,882
Interventions in Bagnoli - Coroglio area	-	68,806
Tendered contracts for local authorities (1)	13,414	11,780
Funds dedicated to non-exclusive Public Contracts	69	1,346
Other	3,026	1,563
	263,579	**275,377**

(1) Interest not accruing during the year

Cash related to the restricted resources for implementation of subsidy measures does not generate interest income for the Group and flows directly into the fund under management.
A similar effect occurs for certain resources dedicated exclusively to covering the costs of contracts awarded by local authorities.

- restricted financial resources for the implementation of subsidy measures financed by domestic and EU funds (further described in item 80 of liabilities) for a total of € 641,618,000, with the details provided below:

	2020	2019
SME Asset Fund Decree Law 34/2020 art.26	443,450	-
Fund for the construction of Broadband and Ultra-Broadband networks	109,054	120,174
The sustainable growth fund	18,432	29,347
Italian Law 181/89 (Interventions in Crisis Areas)	23,891	20,859
Rolling Fund Italian Presidential Decree 58/87	28,560	24,551
Patent Agreement	-	26,020
Italian Law 208/98 Incentive funds	1	2
Tourism Promotion	922	1,117
Re-industrialisation of the Ottana area	86	584
Museum sites of Excellence	201	201
Other Operational Funds	2,110	878
ERDF funds formerly Garanzia Italia	1,818	1,819
National funds formerly Garanzia Italia	1,721	1,721
Voucher 3I Ministerial Decree 18.11.19	11,372	-
	641,618	**227,273**

The increase can essentially be attributed to liquidity relative to the SME Asset Fund Decree Law 34/2020 art.26. With the Ministry of Economy and Finance Decree of 11 August 2020, in concert with the Ministry of Economic Development, implementing article 26, paragraph 12 and subsequent of Decree Law 34 of 19 May 2020, converted to law with amendments by article 1, paragraph 1 of Law 77 of 17 July 2020 ("Relaunch Law"), as amended by Law 178/2020 ("Budget Law"), to support and relaunch the Italian economic and productive system, the fund known as the SME Asset Fund was established, to subscribe, under the conditions and terms identified therein, as well as within the limits of the Fund's resources, newly issued bonds or debt securities to encourage medium size enterprises to strengthen their capital.

The Sustainable Growth Fund was used for € 10,915,000 to invest in closed-end funds managed by an associated AMC.
The Voucher 3I Ministerial Decree 18.11.19 Fund contains resources destined for the payment of services received by companies receiving vouchers provided by consultants and attorneys on the lists pursuant to the Ministry of Economic Development decree of 18.11.2019, article 5, following the agreement signed by MED and Invitalia on 24 October 2019 to implement the projects pursuant to Law 145 of 30 December 2018, Incentive Vouchers for Innovation Consulting. Of the total € 19.5 million allocated for 2019-2021, the amounts for the first two years of € 13 million were received during the year.

Note that residual amounts of resources restricted for the projects planned under various measures will be returned to the client upon completion of the activity in question.

The item **debt securities** refers to the long-term portfolio of securities (Held to Collect), totalling 49 million, established for the sole objective of receiving certain amounts from maturing coupons and capital reaching maturity, taking into consideration cash flows expected in line with the financial capacity of the parent company (around € 40 million) and of the subsidiary MCC, with a securities portfolio of € 9,227,000. With reference to MCC, this item also includes the subordinate Tier II bond loan 2019-2029 issued by Banca Carige, subscribed at par for a nominal amount of € 12 million.

Please refer to Annex A.2 for the details of the movement and the breakdown of debtors/issuers.

b) Loans to financial companies

4.2 Financial Assets measured at amortized cost: product composition of loans to financial companies

	2020						2019					
	Book Value			Fair Value			Book Value			Fair Value		
	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3
1. Financing	**60,547**	-	-	-	-	**60,547**	**68,995**	-	-	-	-	**68,995**
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Financial leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Other loans	60,547	-	-	-	-	60,547	68,995	-	-	-	-	68,995
2. Debt securities	**1,434**	-	-	**1,427**	-	-	**27,975**	-	-	**1,445**	-	**26,530**
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	1,434	-	-	1,427	-	-	27,975	-	-	1,445	-	26,530
3. Other assets	**101**	-	-	-	-	**101**	**288**	-	-	-	-	**288**
Total	**62,082**	**-**	**-**	**1,427**	**-**	**60,648**	**97,258**	**-**	**-**	**1,445**	**-**	**95,813**

There are no receivables constituted as collateral for own liabilities and commitments.

c) Loans to customers

4.3 Financial Assets measured at amortized cost: product composition of loans to customers

	2020						2019					
	Book Value			Fair Value			Book Value			Fair Value		
	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	of which: acquired or originated impaired	L1	L2	L3
1. Financing	**1,948,213**	**77,231**	-	-	-	**2,025,444**	**1,427,746**	**58,002**	-	-	-	**1,485,749**
1.1 Financial leases			-	-	-	-	-	-	-	-	-	-
of which: without final purchase option			-	-	-	-	-	-	-	-	-	-
1.2 Factoring	69,528	1,633	-	-	-	71,161	66,435	-	-	-	-	66,435
- with recourse	3,687	1,306	-	-	-	4,993	-	-	-	-	-	-
- without recourse	65,841	327	-	-	-	66,168	66,435	-	-	-	-	66,435
1.3 Consumer loans		-	-	-	-	-	3,503	-	-	-	-	3,503
1.4 Credit cards	3,680	-	-	-	-	3,680	-	-	-	-	-	-
1.5 Pledge loans		-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	3,160	-	-	-	-	3,160	4,578	-	-	-	-	4,578
1.7 Other loans	1,871,846	75,598	-	-	-	1,947,444	1,353,230	58,002	-	-	-	1,411,232
2. Debt securities	**173,450**	-	-	**72,940**	**1,569**	**98,941**	**61,145**	-	-	**58,459**	**1,632**	**1,054**
2.2 Other debt securities	173,450	-	-	72,940	1,569	98,941	61,145	-	-	58,459	1,632	1,054
3. Other assets	**388,998**	**41,976**	-	-	-	**430,974**	**405,004**	**84,008**	-	-	-	**489,012**
Total	**2,510,661**	**119,207**	**-**	**72,940**	**1,569**	**2,555,360**	**1,893,896**	**142,010**		**58,459**	**1,632**	**1,975,815**

The sub-item **Other loans** essentially refers to positions associated with BDM-MCC.
The sub-item "**Other assets"** includes receivables for services provided to Ministries and public administrations.

The positions are constantly monitored in order to intervene, as far as possible, on the billing authorisation process and minimise the related collection lead times. Almost all past due receivables are owed by the Public Administration, with the consequent difficulty in implementing effective actions for their collection. There are no situations in which the right to collect the receivable appears to be prescribed and, if clearly not recoverable or considered bad debt, the Company proceeded to write down or write off the related receivable.

4.4 Financial assets measured at amortised cost: breakdown of loans to customers by debtors/issuers

	2020		2019	
	Stage one and two	Stage three	Stage one and two	Stage three
1. Debt securities	**173,450**	**-**	**61,145**	**-**
a) Public administrations	73,256		58,917	-
b) Other financial companies	97,973		-	-
of which: insurance companies			-	-
c) Non-financial companies	2,221		2,228	-
2. Loans to:	**1,948,213**	**77,231**	**1,427,746**	**58,002**
a) Public administrations	120,155		64,555	-
b) Other financial companies				-
c) of which: insurance companies			-	-
d) Non-financial companies	1,544,739	66,686	1,004,846	53,164
e) Households	283,319	10,545	358,345	4,838
3. Other assets	**388,998**	**41,976**	**405,004**	**84,008**
Total	**2,510,661**	**119,207**	**1,893,895**	**142,010**

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

	Gross value			Total value adjustments		
	Stage one	Stage two	Stage three	Stage one	Stage two	Stage three
Debt securities	212,741			(4,517)		
Financing	1,618,512	1,861,496	295,931	(14,025)	(38,077)	(176,724)
Total 2020	**1,831,253**	**1,861,496**	**295,931**	**(18,542)**	**(38,077)**	**(176,724)**
Total 2019	**2,646,891**		**156,186**	**(3,544)**		**(16,562)**

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

	Gross value				Total value adjustments			Total partial write-offs*
	Stage one	Stage one of which low credit risk instruments	Stage two	Stage three	Stage one	Stage two	Stage three	
1. Loans subject to forbearance in compliance with GLs	78,287	-	19,328	358	(1,713)	(1,181)	(150)	
2. Loans subject to other forbearance measures	-	-	-	386	0	0	(85)	
3. New loans	368,217	-	47,856	601	(537)	(1,637)	(75)	
Total 2020	**446,504**	**-**	**67,184**	**1,345**	**(2,250)**	**(2,818)**	**(310)**	

* Values shown for informational purposes

4.6 Financial assets at amortised cost: guaranteed assets

	2020		2019	
	Loans to Customers		Loans to Customers	
	BV	GV	BV	GV
1. Non-impaired assets guaranteed by:	**97,366**	**97,366**	**42,443**	**42,443**
- Assets under financial leases	-	-	-	-
- Receivables through factoring	-	-	-	-
- Mortgages	96,303	96,303	41,381	41,381
- Pledges	100	100	100	100
- Personal guarantees	963	963	963	963
- Credit derivatives	-	-	-	-
Impaired assets guaranteed by:	**46,553**	**46,553**	**55,629**	**55,629**
- Assets under financial leases	-	-	-	-
- Receivables through factoring	-	-	-	-
- Mortgages	46,553	46,553	55,629	55,629
- Pledges	-	-	-	-
- Personal guarantees	-	-	-	-
- Credit derivatives	-	-	-	-
Total	**143,920**	**143,920**	**98,073**	**98,073**

BV = Book Value
GV = Fair value of guarantees

Section 5 - Hedging derivatives - Item 50

90,202	88,039

The item **hedging derivatives**, equal to 90.2 million at 31 December 2020, shows the fair value of derivatives stipulated to hedge against interest rate risk on bond issues.

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value 31/12/2020			NV	Fair Value 31/12/2019			NV
	L1	L2	L3	31/12/2020	L1	L2	L3	31/12/2019
A. Financial Derivatives	**-**	**90,202**	**-**	**460,471**	**-**	**88,039**	**-**	**151,421**
1. Fair Value	-	90,202		460,471	-	88,039	-	151,421
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**90,202**	**-**	**460,471**	**-**	**88,039**	**-**	**151,421**

5.2 Hedging derivatives: breakdown by portfolio hedged and type of hedge

Operation/Hedge type	Fair Value							Cash flows		Foreign investments
	Specific						Macro	Specific	Macro	
	debt securities and interest rates	equity securities and stock indexes	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	90,202	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-	-
Total liabilities	**90,202**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-	-

The hedging derivatives are all related to funding obtained through bond issues.

Section 7 - Equity Investments - Item 70

7.1 Equity investments: information on equity investments

Company name	Registered office	Operating offices	Stake held %	Available votes %	Book value at 31.12.2020	Fair value at 31.12.2020
C. Companies:						
CDP Venture Capital SGR SpA	Rome	Rome	30%	30%	1,767	1,767
CONSORZIO EX CNOW	Venice	Venice	52%	52%	1	1
ELETTRA SINCROTONE TRIESTE S.P.A.	Trieste	Trieste	4%	4%	2,175	2,175
LAMEZIA EUROPA SCPA	Lamezia Terme	Lamezia Terme	20%	20%	-	-
SICULIANA NAVIGANDO SRL	Siculiana	Siculiana	95%	95%		-
C.R.A.A. SRL IN LIQUIDATION	Arese	Arese	15%	15%	38	38
CFI - COOPERAZIONE FINANZA	Rome	Rome	1%	1%	610	610
ELA SPA IN BANKRUPTCY PROCEEDINGS	Naples	Naples	6%	6%	-	-
FINMEK SOLUTIONS SPA IN PROC. CONC.	L'Aquila	L'Aquila	30%	30%	0	0
FONDERIT ETRURIA in bankruptcy proceedings	Livorno	Livorno	13%	13%	0	0
IDC - ITALIAN DISTRIBUTION	Rome	Rome	7%	7%	0	0
ISTIT ENCICLOPEDIA TRECCANI	Rome	Rome	7%	7%	5,481	5,481
ITALIACAMP SRL - UNIPERSONALE	Rome	Rome	5%	5%	1	1
MARINA DI VILLA IGIEA SPA	Palermo	Palermo	8%	8%	446	446
MECCANO SCPA	Fabriano	Fabriano	4%	4%	79	79
SASSI ON LINE SERVICE S.C.P.A. IN LIQUIDATION	Bari	Bari	10%	10%	0	0
SOCIETA' PER CORNIGLIANO SPA	Genoa	Genoa	10%	10%	1,373	1,373
TESS COSTA DEL VESUVIO					201	201
TINTORIA STAMPERIA DEL MOLISE IN BANKRUPTC	Boiano	Boiano	30%	30%	0	0
TRADIZIONI ITALIANE SPA IN BANKRUPTCY PROCE	Cirò	Cirò	13%	13%	0	0
WAHOO SPA	Cagliari	Cagliari	18%	18%	0	0
Companies acquired with government grants/third-party funds						
of which, with funds from Law 205/2017						
INVITALIA GLOBAL INVESTMENT SPA	Rome	Rome	100%	100%	9,622	9,622
of which, with funds from Decree Law 142 of 2019						
BANCA POPOLARE DI BARI	Bari	Bari	100%	100%	430,000	430,000
of which, with funds from Law 181/89						
CMS SRL IN BANKRUPTCY PROCEEDINGS	Laterza	Laterza	19%	19%	1,370	
ELMIRAD SERVICE SRL IN LIQUIDATION	Taranto	Taranto	12%	12%	120	
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	Rome	Rome	2%	2%	-	
GUSTAVO DE NEGRI & ZA.MA. SRL	Caserta	Caserta	20%	20%	202	
JONICA IMPIANTI SRL	Taranto	Taranto	9%	9%	278	
PERITAS SRL	Brindisi	Brindisi	15%	15%	326	
PRO.S.IT. IN BANKRUPTCY PROCEEDINGS SRL	Naples	Naples	27%	27%	499	
SIE-SOC. ITTICA EUROPEA IN AMM. STRAORDINAF	Rome	Rome	15%	15%	-	
SICALP SRL IN BANKRUPTCY PROCEEDINGS	Campiglia Marittima	Campiglia Marittima	36%	36%	1,033	
SIMPE SPA	Acerra	Acerra	4%	4%	3,600	
SISTEMA SRL	Cassana	Cassana	45%	45%	0	
SURAL SPA BANKRUPT	Taranto	Taranto	1%	1%	253	
TEKLA SRL	Scafati	Scafati	26%	26%	653	
Total equity investments					**460,127**	**451,795**

Note that "companies acquired with government grants/third-party funds" include:

- IGI SpA, acquired using the grant pursuant to article 1, paragraph 260-266 of Law 205/2017. Although 100% held by Invitalia, it is not subject to any real management power from the same and consequently is not included in the Invitalia Group. The value of the equity investment was reduced to take into account the lasting loss in value of the same and this decrease did not impact the Agency's Statement of Profit and Loss, as it was recognised as a balancing entry to the specific financial source. For a description of the relevant accounting treatment, please see Section 4 - Other aspects - Accounting treatment established for equity investments acquired with government grants/third-party funds.
- Banca Popolare di Bari, acquired through the subsidiary Mediocredito Centrale, implementing Decree Law 142 of 2019. The funds required for the operation (€ 430 million) were provided to the parent company through a grant of the same amount disbursed by the Ministry of Economy and Finance, and then transferred in the same amount to MCC as a capital grant. For more details on this transaction and the accounting treatment used for it, please see Section 4- Other aspects in Part A of the Notes, in the paragraph "Application of Article 1 of Decree Law 142 of 16 December 2019".

This category also includes equity investments acquired with funds pursuant to Law 181/89. The accounting methods used for this measure establish that any losses are recognised against the fund and hence do not directly impact the balance of assets in the Statement of Financial Position, but are recognised in a specific liabilities provision, classified among other liabilities. For this reason, assets are recognised even in the case of bankruptcy proceedings, duly offset by provisions in the liabilities. These values are reversed with reference to the fund upon completion of the aforementioned proceedings.

Also note that the equity investments held in the share capital of Industria Italiana Autobus (42.76%) and Sider Alloys (22.33%) are not recognised in the financial statements item as they were acquired using third-party funds under management and, therefore, recognised under commitments.
There are no equity investments held as collateral for liabilities and commitments.

7.2 Equity investments: annual changes

	Total 31/12/2020	Total 31/12/2019
A. Initial balances	**30,190**	**34,980**
B. Increases	**431,037**	**1,755**
B.1 Purchases	517	-
B.2 Write-backs	-	-
B.3 Revaluations	104	100
B.4 Other changes	430,416	1,655
of which, funds from Decree Law 142 of 2019	*430,000*	
C. Decreases	**1,100**	**(6,544)**
C.1 Sales	168	(5,366)
C.2 Value adjustments	84	(0)
C.3 Other changes	848	(1,178)
D. Closing balance	**460,127**	**30,191**
E. Total revaluations	**-**	**100**

Point B.4 "Other changes" in Group equity investments includes the equity investment held in Banca Popolare di Bari through Banca del Mezzogiorno-Mediocredito Centrale in the amount of € 430 million. As previously described, it was acquired through a capital grant made to Banca del Mezzogiorno using government grants established under Decree Law 142/2019.

Annex A.5 shows analytical changes in equity investments.

Section 8 - Property, plant and equipment - Item 80

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

Assets/Values	Total 31/12/2020	Total 31/12/2019
1. Property assets	**149,152**	**260,397**
a) land	861	6,284
b) buildings	5,731	69,493
c) furniture	349	516
d) electronic systems	1,276	1,170
e) other	140,935	182,934
2. Rights of use acquired through leasing	**48,261**	**17,854**
a) land	-	-
b) buildings	48,099	17,677
c) furniture	-	-
d) electronic systems	-	-
e) other	162	177
Total	**197,413**	**278,251**
of which: obtained through enforcement of guarantees received	-	-

8.6 Property, plant and equipment for functional use: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross initial balances	**6,284**	**92,259**	**2,026**	**2,238**	**183,726**	**286,534**
A.1 Total net write-downs	-	(5,089)	(1,511)	(1,068)	(615)	(8,283)
A.2 Net initial balances	**6,284**	**87,170**	**516**	**1,170**	**183,111**	**278,251**
B. Increases:	**-**	**65**	**2**	**601**	**2,805**	**3,473**
B.1 Purchases	-	64	-	196	2,783	3,043
B.2 Capitalised expenses for	-	-	2	404	8	414
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfers from properties held for investment	-	-	X			-
B.7 Other changes	-	1	-	-	15	16
C. Decreases:	**5,423**	**35,434**	**169**	**487**	**15,778**	**57,291**
C.1 Sales	-	-	4	1	-	4
C.2 Amortisation	-	5,347	165	485	13,193	19,190
C.3 Value adjustments from impairment attributed to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-

C.4 Negative changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	5,423	24,917	-	-	2,581	32,921
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) non-current assets and asset groups held for sale	5,423	24,917	-	-	2,581	32,921
C.7 Other changes	-	5,170	-	1	5	5,176
D. Net closing balance	**861**	**53,830**	**349**	**1,276**	**141,097**	**197,413**
D.1 Total net write-downs	-	(4,101)	(64)	(354)	(124,474)	(128,992)
D.2 Gross closing balance	**861**	**57,931**	**413**	**1,629**	**265,571**	**326,405**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

This item saw a decrease with respect to 2019, in part due to the reclassification in the parent company's financial statements of real estate totalling € 27.5 million and land totalling € 5.4 million among non-current assets and asset groups held for sale. More specifically, these refer to the Ottana and Trieste incubators and the Naples Hangar.

There are no:
- tangible assets pledged as collateral for own debts and commitments
- assets acquired through financial leases
- assets held for investment purposes

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown

Assets/Values	Total 31/12/2020		Total 31/12/2019	
	Assets measured at cost	Assets at fair value	Assets measured at cost	Assets at fair value
1 Goodwill		**-**		**-**
1.1 attributable to the Group		-		-
1.2 attributable to non-controlling interests		-		-
2 Other intangible assets	**34,682**	**-**	**8,811**	**-**
2.1 owned	34,682	-	8,811	-
- generated internally	(1,108)	-	(23,139)	-
- other	33,574	33,574	31,950	31,950
2.2 acquired through operating leases	-	-	-	-
Total 2	**34,682**	**-**	**8,811**	**-**
3 Assets acquired under financial leases	-	-	-	-
3.1 unassigned assets"	-	-	-	-
3.2 assets withdrawn after termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
4 Assets acquired through operating leases	-	-	-	-
Total (1+2+3+4)	**34,682**	**-**	**8,811**	**-**
Total (T-1)			**-**	**-**

9.2 Intangible assets: annual changes

	Total
A. Initial balances	**8,811**
A.a Adjustment of initial balances (IAS8)	4,842
B. Increases	**1,869**
B.1 Purchases	1,869
B.2 Write-backs	-
B.3 Positive changes in fair value	-
- in Shareholders' equity	-
- in Statement of Profit and Loss	-
B.4 Other changes	-
C. Decreases	**- 5,705**
C.1 Sales	-
C.2 Amortisation	- 5,705
C.3 Value adjustments	-
- in Shareholders' equity	-
- in Statement of Profit and Loss	-
C.4 Negative changes in fair value	-
- in Shareholders' equity	-
- in Statement of Profit and Loss	-
C.5 Other changes	-
D. Net closing balance	**9,817**
D.1 Total net value adjustments	24,865
D.2 Gross closing balance	**34,682**

The changes in the year, as well as amortisation for the period, are essentially due to: capitalisation by the parent company of projects to implement IT and reporting platforms, which will offer future benefits in terms of cost savings and greater revenue.

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

Section 10 - Tax assets - Item 100	**35,946**	**27,619**

10.1 "Tax assets: current and deferred": breakdown

	2020	2019
current	10,162	10,182
deferred	25,784	17,437
Total	**35,946**	**27,619**

Current assets include residual tax credits deriving from companies incorporated when Sviluppo Italia was established, relative to which the relative collection actions are still under way.

Deferred tax assets show the following balancing entry:

Tax assets: current and deferred: breakdown

	Total 31/12/2020	Total 31/12/2019
- As balancing entry to Profit and Loss Account	24,857	15,383
- As balancing entry to Shareholders' Equity	927	2,054
Total	**25,784**	**17,437**

Section 10 - Tax liabilities - Item 60

10.2 Tax liabilities: current and deferred: breakdown

	2020	2019
current	16,824	2,742
deferred	845	83
Total	**17,669**	**2,825**

Deferred tax liabilities show the following balancing entry:

	Total 31/12/2020	Total 31/12/2019
- As balancing entry to profit and loss account	-	-
- As balancing entry to shareholders' equity	845	83
Total	**845**	**83**

10.3 Changes in deferred taxes (as balancing entry to profit and loss account)

	Total 31/12/2020	Total 31/12/2019
1. Initial amount	**15,383**	**14,721**
2. Increases	**12,081**	**1,916**
2.1 Deferred tax assets recognised during the year	12,216	1,916
a) relative to previous financial years		-
b) due to changes in accounting criteria		-
c) write-backs		-
d) other	12,216	1,916
2.2 New taxes or increases in tax rates	(135)	
2.3 Other increases	-	-
3. Decreases	**(2,607)**	**(1,254)**
3.1 Deferred tax assets cancelled during the year	(2,607)	(1,184)
a) reclassifications	(2,607)	(1,030)
b) write-downs as no long recoverable		-
c) change in accounting criteria		-
d) other		(154)
3.2 Reductions in tax rates		-
3.3 Other decreases:	-	**(70)**
a) transformation to tax credits pursuant to Law 214/2011		0
b) other		(70)
of which: changes in scope of consolidation		-
4. Final amount	**24,857**	**15,383**

10.3.1 Changes in deferred tax assets pursuant to Law 214/2011

	Total 31/12/2020	Total 31/12/2019
1. Initial amount	**5,436**	**5,436**
2. Increases		**-**
3. Decreases	**(750)**	**0**
3.1 Reclassifications	-750	0
3.2 Transformation to tax credits	0	0
a) deriving from financial year losses	0	0
b) deriving from tax losses	0	0
3.3 Other decreases		
4. Final amount	**4,686**	**5,436**

Deferred tax assets, as in the previous table, can no longer increase due to the full deductibility of write-downs on receivables. The current amount will be gradually recovered in income tax statements submitted through financial year 2025.

10.5 Changes in deferred tax assets (as balancing entry to shareholders' equity)

	Total 31/12/2020	Total 31/12/2019
1. Initial amount	**2,054**	**5,410**
2. Increases	**89**	**-**
2.1 Deferred tax assets recognised during the year	89	-
a) relative to previous financial years	-	-
b) due to changes in accounting criteria	-	-
c) other	89	
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(1,216)**	**(3,356)**
3.1 Deferred tax assets cancelled during the year	(1,216)	-
a) reclassifications	(1,216)	
b) write-downs as no long recoverable	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases		(3,356)
4. Final amount	**927**	**2,054**

10.6 Changes in deferred taxes (as balancing entry to shareholders' equity)

	Total 31/12/2020	Total 31/12/2019
1. Initial amount	**83**	**108**
2. Increases	**777**	**9**
2.1 Deferred taxes recognised during the year	777	9
a) relative to previous financial years	-	-
b) due to changes in accounting criteria	-	-
c) other	777	*9*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(16)**	**(34)**
3.1 Deferred taxes cancelled during the year	(16)	(34)
a) reclassifications	(16)	*(34)*
b) write-downs as no long recoverable	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases		
4. Final amount	**844**	**83**

Section 11 - Non-current assets and asset groups held for sale - Item 110

304,886	**263,106**

11.1 Non-current assets and asset groups held for sale: breakdown

	31/12/2020	31/12/2019
Cash and cash equivalents	10	8
Financial assets measured at amortised cost	9,389	13,306
Equity investments	14,020	14,058
Property, plant and equipment	266,606	214,475
Intangible assets	368	210
Tax assets	1,600	2,059
Other assets	12,893	18,990
Total	**304,886**	**263,106**

The companies included in this item, which are fully consolidated, are listed below:

- Italia Turismo SpA
- Sviluppo Italia Calabria SpA in Liquidation
- Marina di Portisco SpA

The sub-item "**equity investments**" represents the value of the investee companies valued at equity.

Attachments A.6, A.7, and A.8 respectively show the percentage of ownership and analytical change of the individual investments valued at equity.

Section 7 - Liabilities associated with assets held for sale - Item 70

79,046	**74,454**

7.1 Liabilities associated with assets held for sale: breakdown

	31/12/2020	31/12/2019
Financial liabilities measured at amortised cost	51,000	50,444
Tax liabilities	115	143
Other liabilities	24,242	17,803
Employee severance liabilities	645	690
Provisions for risks and charges	3,044	3,374
Total	**79,046**	**72,454**

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

	Total 31/12/2020	Total 31/12/2019
- Inventories	178,380	79,562
- Indirect tax receivables from tax authorities	3,585	5,991
- Receivables from social security institutions	267	113
- Receivables and advances from suppliers	4,367	4,481
- Security deposits	3,140	3,059
- Prepayments (only those related to other assets)	2,648	2,235
- Receivables and various items	88,142	70,407
- Tax consolidation	351	596
Total	**280,881**	**166,445**

The sub-item "Inventories" mainly includes:

- € 10.5 million for the parent company, relative to the measurement of fees accrued for activities essentially carried out by the former subsidiary IAP, after progress reports invoiced and paid, and for activities pursuant to Legislative Decree 185/00 for which the final accounts have not yet been approved.
- € 167 million related to the installation of Infratel SpA's "broadband" and "ultra-broadband" deployment work;

Receivables and various items essentially include:

- 56.6 for the SME Asset Fund, a measure authorised by the European Commission as part of the Temporary Framework for State Aid Measures to Support the Economy in the Current COVID-19 Outbreak. In particular, as indicated in the Bankit Provision for the preparation of financial statements by financial intermediaries, this item includes minibonds subscribed by Invitalia relative to which Invitalia takes on zero risk.
- € 3.2 million refers to the Bagnoli real estate asset group, which previously belonged in Bangoli Futura, in bankruptcy proceedings, and was transferred to Invitalia on the basis of Decree Law 133/2014. The value of € 68,484,500 established for this asset group by the State Property Agency, adjusted by a corresponding provision, was recognised in the financial statements in the amount of € 1, while awaiting the resolution of legal disputes between the parties which arose after the transfer of ownership and are better outlined in the Report on Operations. The amount of € 3,265,000 refers to environmental reclamation and urban restoration work accounted for, which serve to increase the value of the industrial complex.

Prepayments represent costs for services ascertained and paid in advance, accruing during the subsequent year or correlated with future revenue.

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

Description	31/12/2020	31/12/2019
a) payables	2,266,058	1,672,555
b) securities issued	885,216	886,207
Total	**3,151,274**	**2,558,762**

1.1 Financial liabilities measured at amortised cost: product composition of payables

Items	Total 31/12/2020			Total 31/12/2019		
	to banks	to financial institutions	to customers	to banks	to financial institutions	to customers
1. Financing	**127,610,200**	**435,392**	**24,907,420**	**463,080,000**	**435,304**	**54,729,905**
1.1 Repurchase agreements	104,423,237	-	-	101,047,000	-	-
1.2 Other loans	23,186,964	435,392	24,907,420	362,033,000	435,304	54,729,905
2. Leasing payables	**32,000**		**59,020,104**			**45,218,000**
3. Other payables	**620,400,760**	**30,237,205**	**1,403,416,142**	**33,296,000**	**106,080,000**	**969,716,000**
Total	**748,042,960**	**30,672,597**	**1,487,343,666**	**496,376,000**	**106,515,304**	**1,069,663,905**
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	-	-	-	-	-	-
Fair value - level 3	748,042,960	30,672,597	1,487,343,667	496,376,000	106,515,304	1,069,663,905
Total fair value	**748,042,960**	**30,672,597**	**1,487,343,667**	**496,376,000**	**106,515,304**	**1,069,663,905**

1.2

1.2 Financial liabilities measured at amortised cost: product composition of securities issued

Type of securities/Amounts	Total 31/12/2020				Total 31/12/2019			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1.2 other	885,216	-	624,681	351,315	886,207	-	528,363	350,781,168
Total	**885,216**	**0**	**624,681**	**351,315**	**886,207**	**0**	**528,363**	**350,781,168**

The item includes:

- € 351 million relative to the bond loan issued by the parent company in July 2017, functional to the acquisition of Banca del Mezzogiorno-Mediocredito Centrale and to optimisation of working capital. The issue price was equal to 99.784% of the nominal value, with a nominal return rate of 1.375%. The repayment of the capital is expected in a single five-year maturity and annual coupons.
  Below is a summary of the main features of the bond loan in question:
    - Issue amount: 350 million
    - Duration: 2017-2022
    - Market of listing: Luxembourg
    - Country of origin: Italy
    - Only for qualified investors
- € 168.2 million relative to a residual bond loan listed on the MOT, issued by BDM-MCC on 9 February 1998, maturing on 10 February 2028;
- € 284 million relative to a "Social" bond loan, unsecured senior preferred, listed on the Luxembourg Market and issued by BDM-MCC on 24 October 2019, maturing on 24 October 2024.

As the securities held by BDM-MCC are subject to fair value hedges, this item includes the basis adjustment attributable to interest rate risk for a total of 82 million (78.2 million at 31 December 2019). For better representation, the amount relative to 31 December 2019 was reclassified from item 50 "Adjustments to values of generic hedged financial liabilities" to the current item.

Section 4 - Hedging derivatives

4.1 Hedging derivatives: breakdown by hedge type and level

	NV	Fair Value	31/12/2020		NV	Fair Value	31/12/2019		NV
	31/12/2020	L1	L2	L3	31/12/2020	L1	L2	L3	31/12/2019
A. Financial Derivatives	**-**	**-**	**90**	**-**	**460**	**-**	**88**	**-**	**151**
1) Fair value	-	-	90	-	460	-	88	-	151
2) Cash flows	-	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**90**	**-**	**460**	**-**	**88**	**-**	**151**

SECTION 5 - VALUE ADJUSTMENTS OF MACRO-HEDGED FINANCIAL LIABILITIES - ITEM 50

This section does not contain amounts for either 2020 or 2019.

For better representation and in compliance with IAS 8, the amount at 31 December 2019 relative to value adjustments of securities issued was reclassified to item 10, letter c of the Liabilities, "Financial liabilities measured at amortised cost - securities issued".

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

Type of securities/Amounts	Total	
	31/12/2020	31/12/2019
	BV	BV
- Payables for third-party funds under management	854,794	397,133
- Capital grants	699,088	93,191
- Suppliers	200,839	354,087
- Payables to employees	18,470	13,672
- Accrued expenses and deferred income	17,259	-
- Payables to clients for contracted works in progress	7,642	-
- Payables to social security institutions	7,047	6,564
- Payables to tax authorities	5,277	5,327
- Security deposits received	177	177
- Tax consolidation payables	42	341
- Sundry payables	278,782	172,646
Total	**2,089,417**	**1,043,138**

The item "**Contributions"** essentially refers to:

- A grant of € 430,000,000 assigned by the MEF to strengthen the capital of Banca del Mezzogiorno-Mediocredito Centrale SpA through a capital grant, to allow it to acquire the equity investment in Banca Popolare di Bari;

- € 10 million grant pursuant to Article 83 of Italian Law 289/02, disbursed by the Italian Ministry of Economy and Finance in 2003. Italian Decree Law 35 of 14 March 2005 established that this amount could be used to create incubators for productive businesses;

- Grant under Law 208/98 of € 5,060,000, intended for the establishment of incubators. Said grant was provided by the Italian Ministry of Economic Development in 2005, as regulated by the Procedural Document signed by Sviluppo Italia on 14 December 2004. The amount corresponds to the amount of the grant received, net of the amount credited to the profit and loss account for the available incubators on which the calculation of depreciation was initiated;

- € 91,451,000 grant, net of amounts accounted for, for the environmental reclamation and urban regeneration of the area of significant national interest in the Bagnoli-Coroglio area, pursuant to Article 33 of Italian Decree-Law no. 133 of 12 September 2014, converted and amended by Italian Law no. 164 of 11 November 2014. This is discussed in greater detail in section B.3 of the Directors' Report On Operations and in item 100 Property, Plant and Equipment.

- Capital grants of € 162,207,000 made by MED for work carried out by Infratel and recognised on an accrual basis. Release of capital grant amounts in the Statement of Profit and Loss is correlated to the useful life of the assets to which the grants are recognised and, subsequently, made.

The information above is also provided in compliance with the disclosure requirements established under paragraphs 125 and subsequent of article 35 in Italian Decree Law 34 of 30 April 2019.

"Payables for third-party funds under management" refer to funds for subsidy measures for which the Agency is responsible for implementing the projects envisaged by the measures themselves. For further information on operations and the funding forms, please see the comment under *Part D "other information"*.
Below are the relative details:

Composition:

	2020	2019
PMI Fund (severance indemnities)	500,047	0
FSC BUL	115,575	150,000
Italian Law 181/89 (Interventions in Crisis/Distressed Areas)	76,770	89,019
The sustainable growth fund	46,090	44,216
Rolling Fund Italian Presidential Decree 58/87	43,131	42,769
BUL Voucher	40,000	0
Voucher 3I Fund	9,148	0
Fund for Broadband and Ultra-Broadband deployment	4,251	28,233
Italian Regional Law23/91, Article 8	1,984	1,984
Tourism Promotion Fund	1,243	1,438
Museum sites of Excellence	201	201
Italian Law 208/98 Incentive Fund	0	1
Patent Agreement Fund	0	26,004
Contribution acquisition of Ottana real estate	0	805
Other	16,354	12,463
Total	**854,794**	**397,133**

In more detailed terms:

- The **SME Asset Fund** is intended to support the subscription of newly issued bonds or debt securities, to encourage medium enterprises to strengthen their capital and support financing of the same, when meeting the conditions established in article 26 of the Relaunch Law, no. 77 of 17 July 2020.

- The item **DCF BUL**, for € 115,574,000, represents the residual value of the amount collected in December 2016 for the first tranche of DCF funds for the BUL Large Project. In compliance with that established in the Guidelines for implementation, accounting, monitoring and control of the public project to develop Ultra-broadband in "white" areas - SIE Funds 2014 - 2020, given the favourable opinion issued by the State-Regions Conference on 20 September 2018, for all advances, including those coming from resources assigned for the DCF, it is established that the MED will deposit them with Infratel Italia, which holds them in a specific unavailable rolling fund intended to finance the BUL Large Project (only approved by the European Community on 2 April 2019). This rolling fund can be used exclusively upon receiving prior authorisation from the MED. The decrease of € 34,425,000 is due for € 25,425,000 to disbursements for the Open Fiber payment relative to the work progress reports for the concession model financed using the DCF funding source. An additional € 9 million was assigned to the WI-FI contract, as authorised by MED in November 2020.

- The **Fund L.181/89** is aimed at implementing investment and employment programmes in areas affected by the steel sector crisis. The aforementioned provision was allocated as a result of the CIPE resolution of 20 December 1990, the content of which was confirmed by the same CIPE with resolution of 3 August 1993, as well as reaffirmed by the "implementation guidelines" that were formulated by the Italian Ministry of Industry by letter of 9 April 1994 and confirmed by ministerial decree 1123182/75 of 23 December 1996. The above regulate the implementation of Law 513/93 which aggregated the regulations listed in Italian Laws 181/89, 408/89 and 38/90. Losses incurred on the use of funds are accounted for by direct transfer of this item.

The change in the composition of the L.181/89 fund as at 31 December 2020 is shown below:

	2020	**2019**
Funds cashed	645,697	645,696
Capital returns to the MED	(171,72	(166,84
Grants issued	(364,63	(365,07
Grants pending release	(2,914)	(2,914)
Losses on receivables and equity investments	(29,658	(21,842
Total	**76,770**	**89,018**

The item "**Capital returns**" indicates the amount returned to the Italian Ministry of Economic Development, in accordance with Italian Ministerial Decree No. 1184605/75 of 9 march 2005, which established the Single Fund and provides for half-yearly repayment by the Agency of capital amounts received for loans, revoked contributions and disposal of equity investments. These capital amounts will subsequently be reassigned by the Agency to continue investments and employment projects with regards to the areas impacted by the steel crisis.

The L.181/89 fund thus recorded the following changes in the 2020 financial

Balance as at 31 December 2019	**89,018**
Capital grants paid and other uses	442
Funds cashed	0
Capital returns to the MED	(4,875)
Losses on receivables and equity investments	(7,815)
Other uses	0
Balance as at 31 December 2020	**76,770**

As at 31 December, the funds collected totalled 645,697, net of the Ministry's refunds of 171,724,000 and were used as follows:

	2020	2019
Contributi in conto capitale	364.630	365.072
Crediti verso Clientela per prefin., fin. e mutui (al netto dei rientri)	49.697	62.526
Partecipazioni (al netto dei decimi da versare)	8.334	8.502
Crediti netti verso Enti creditizi	23.890	20.857
Altri crediti (debiti) finanziari per partite da rilevare	(2.236)	48
Perdite su crediti e partecipazioni ed altri utilizzi	29.658	21.843
Totale	**473.973**	**478.848**

Loans include the item of equity investments described and commented on under item 70 of the assets. Any losses on these equity investments are recognised as a reduction in the provision, exclusively when they are definitively ascertained.

- The **Fund for sustainable growth** is aimed exclusively at underwriting the Fondo Italia Venture I, which has the goal of supporting investments in the risk capital of companies, start-ups and innovative SMEs with high development potential. The intent is to assist the capitalisation of small and medium- sized companies to allow easier access to credit and to support medium to long-term development projects. The fair value variations in these investments were recorded as a reduction in the related fun under management. The fund is managed by the investee Cdp Venture Capital.

- The **DPR 58/87 Rolling Fund** refers to sums disbursed for financial assistance to subsidiaries engaged in the tourism sector. The Fund is provided from allocations made by the former Agensud pursuant to Article 9 of Italian Presidential Decree 58/87. A management fee of 0.75% per semester is recognized for the management of loans granted on said Fund.

- The item **Bul Voucher**, equal to € 40 million, represents amounts disbursed by MED with regards to the vouchers for low-income households to provide support to guarantee usage of ultra-broadband internet connection services by households with ISEEs of less than € 20,000.
The amount of € 40 million corresponds to 20% of the maximum amount of resources totalling € 204 million.

- The **Voucher 3I Fund** refers to grants made to innovative start-ups to support and develop the innovation process, making use of consulting services.

- The **Fund for Broadband and Ultra-Broadband Construction** refers to sums disbursed by MED and intended to be distributed as contributions to telecommunications operators to create Broadband infrastructure (model B) and Ultra-Broadband infrastructure (model C), net of sums already distributed to beneficiaries.

- The **Law 23/91 Regional Fund** refers to the remainder of the sums disbursed in their time by the Region of Sicily (pursuant to Law no.23 of 15.05.91) net of the amount referenced in Law 359/92.

- The **Tourism Promotion Fund** refers to sums paid out in implementation of the CIPE resolution of 25 March 1990, aimed at driving promotional efforts for tourism in the South. The purpose of the Program is to increase tourist flows in the Southern areas, providing adequate technical, organisational and coordination assistance to the identified initiatives. The envisaged formula is the co-financing of interventions proposed by Regional Authorities, business associations and relevant tourism sector organisations. A commission of 10% of the funds managed is retained to compensate for the organisation, coordination and quality control of the initiatives, as well as assistance for the relative planning work.

- **Museum Sites of Excellence** includes the residual amount relative to the convention to restore the National Museum of Abruzzo.

- The **Law 208/98 Incentive Fund** refers to amounts released by the Italian Ministry of Productive Activities to activate the "incentive fund" to stimulate investments for enterprises operating in the incubators of the regional companies and as grants for plant for the construction of the incubators themselves.

- **Patent Agreement Fund** was reclassified among memorandum accounts within the item Guarantees and Commitments

- The item "**other**", totalling € 16,355,000, is essentially composed of the following funds:

- **Grants, article 25, paragraph 2, Law 196/97 (€ 9,621,000)**, which pursuant to article 1, paragraph 260- 266 of Law 205/2017, was used by Invitalia to establish Invitalia Global Investment SpA.

- **Venture Capital Rolling Fund (€ 848,000)** relates to ERDF contributions assigned to the Agency and aimed at establishing 50% of the ten-year Fund for venture capital projects. The final reporting of the fund was made in 2015 and the amount represents the resources that will be transferred to the Ministry upon collection from the recovery procedures under way related to the residual equity investment shares acquired.

- **Acerra crisis area (€ 906,000)** relative to the capital grant deposited by the Campania Region, as regulated by the programme agreement of 14.07.2005, for the coordinated implementation of the intervention in the Acerra NGP SpA industrial crisis area, in synergy with the Italian Ministry of Economic Development for the financing of the industrial project promoted by Simpe SpA. With approval from the Campania Regional Authority, part of these funds (€ 1,235, 000) were used to provide subsidies to PRO.S.IT Sri in early 2010, pending further remittances from the Campania Regional Authority itself. The company is question is carrying out an entrepreneurial project under the aforementioned programme agreement. The amounts collected under this measure plus the interest accrued on the dedicated current account amounted to € 5,413,000, while the sums disbursed to beneficiaries amounted to € 5,222,000, with a net debt of € 191,000.

"Trade payables" represent exposure for invoices received and to be received from external entities.

"**Payables to employees**" consists essentially of provisions for holidays accrued and not taken, '14th month' gratuities.

"Payables to social security institutions" refers almost entirely to contributions for December relative to employees.

"Payables to tax authorities" mainly consists of IRPEF due for December for both employees and freelance workers.

"Tax consolidation payables" represent the amount due to subsidiaries taking part in group tax consolidation.

"Sundry payables" include:

- deferrals relative to revenue deferred to future years (€ 846,000)
- resources transferred from the Regions to MED and then by the latter to Infratel as part of the 2014-2020 PSR-PORT, net of disbursements made (€ 151,928,000)
- an advance on DF grants regarding the amount of € 40million received for the Schools Plan and the assignment of € 9 million for the WIFI Italy Project.

Note that the Agency manages additional funds disbursed by the Government (equal to around € 1,845,000), intended for specific projects and governed by specific laws.

These amounts are recognised among "Commitments", as there is no risk, either full or partial, falling to the Agency and management is remunerated solely through a fee (commission). Therefore, these can be classified as mere services.

Section 9 - Provision for Employee Severance Pay - Item 90

Section 9.1 Provision for Employee Severance Pay

	Total 31/12/2020	Total 31/12/2020
A. Initial balances	**11,358**	**11,588**
B. Increases	**6,236**	**7,279**
B.1 Provisions during the year	6,276	7,067
B.2 Other changes	(40)	204
C. Decreases	**(6,263)**	**(7,509)**
C.1 Liquidations completed	(199)	768
C.2 Other changes	(6,064)	(8,277)
- of which, changes in scope of consolidation	-	(40)
D. Closing balance	**11,511**	**11,539**
Total	**11,511**	**11,358**

The item represents the "benefit subsequent" to the employment relationship and is calculated by projecting the amount already accrued to the presumable date of termination of the employment relationship. The value thus obtained is discounted at the reporting date using the actuarial method i.e. "Projected Unit Credit Method". This method complies with the Defined Benefit Obligation criterion envisaged by IAS no.19.

The provision for the year includes the so-called "Interest cost", i.e. the "figurative" charge that would be incurred by requesting a loan from the market for an amount equal to the liability at the beginning of the year, appropriately discounted at the rate adopted.

The "other decreases" item essentially refers to the portion of termination indemnities transferred to supplementary pension funds and to INPS treasury [the Italian National Social Security Institution].
The main demographic and financial hypotheses adopted in the valuation of the benefits are:

1. inflation;

2. discount rates;
3. salary increases.

1. With reference to initial assumption, the inflation scenario was based on ISTAT forecasts, assuming an IPCA index of 1.0% for 2020 and of 1.1% for subsequent years.

2. Pursuant to IAS 19R, the discount rate used in measuring the TFR Fund was determined with reference to the market yields of bonds issued by primary companies at the measurement date. More specifically, the "Composite" interest rate curve was used for securities issued by AA-rated corporate issuers in the Eurozone of "Investment Grade" class (source: Bloomberg) as at 31.12.2020.

3. Following social security reform, the assumption relative to salary increases was adopted solely for Group companies which in 2006 employed an average number of employees of less than 50. In fact, only for these is the portion of future annual severance indemnities accrued by employees still considered in the actuarial measurement of TFR (not deposited to social security funds). Annual salaries were revalued based on the IPCA index for the previous year.

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	Total 31/12/2020	Total 31/12/2019
1. Provisions for credit risk relative to commitments and financial guarantees given	3,947	1,712
2. Provisions for other commitments and guarantees given	600	737
3. Provisions for company retirement funds	3,345	3,323
4. Other provisions for risks and charges	32,580	24,530
4.1 legal and tax disputes	*2,187*	*234*
4.2 personnel expenses	*15,244*	*2,734*
4.3 other	*15,148*	*21,562*
Total	**40,472**	**30,302**

Under point 4.2, the provision includes the estimate of direct and indirect charges relative to production bonuses/bonus systems which will be paid to personnel based on subsequent union resolutions or agreements, as well as amounts allocated for restructuring expenses, equal to 13 million, to support the redefinition of the organisational structure of Banca del Mezzogiorno-Mediocredito Centrale.

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and guarantees given	Provisions for retirement funds	Other provisions for risks and charges	Total
A. Initial balances	**737**	**3,323**	**24,530**	**28,589**
B. Increases	**-**	**294**	**19,912**	**20,206**
B.1 Provisions during the year		24	19,912	19,936
B.2 Changes due to the passing of time	-	-	-	-
B.3 Changes due to changes in discount rate	-	-	-	-
B.4 Other changes	-	270	-	270
C. Decreases	**(137)**	**(272)**	**(12,012)**	**(12,421)**
C.1 Use during the year	(137)	(272)	(3,328)	(3,737)
C.2 Changes due to changes in discount rate	-	-	-	-
C.3 Other changes	-	-	(8,684)	(8,684)
D. Closing balances	**600**	**3,345**	**32,429**	**36,374**

The provisions for company retirement funds in the financial statements refers to BDM-MCC and involves the run-off management of the Supplemental Pension Fund, limited to a small group of retired employees who in the past decided to not adhere to cancellation. At 31 December, there were 8 pensioners enrolled in this fund, with no active employees.

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

	Provisions for credit risk relative to commitments and financial guarantees given			
	Stage one	**Stage two**	**Stage three**	**Total**
Commitments to disburse funds	327	3,620	-	3,947
Financial guarantees given	-	1	-	1
Total	**327**	**3,621**	**-**	**3,947**

The table shows impairment provisions, broken down by stage, connected to irrevocable commitments regarding loans stipulated and unsecured loans issued. 10.5 Provisions for company defined benefit retirement funds

Section 11 - Equity - Items 110, 120, 130, 140, 150, 160 and 170

13.2 "Equity" and "Treasury shares": breakdown

	Total 31/12/2020	Total 31/12/2020
A. Capital		
1.1 Ordinary shares	836,384	836,384
1.2 Other shares	-	-
B. Treasury shares		
1.1 Ordinary shares	-	-
1.2 Other shares	-	-

The share capital of 836,384 million euro is represented by 1,257,637,210 ordinary shares without nominal value owned by the Italian Ministry of Economy and Finance.

The Company has not issued "dividend-bearing shares" nor "convertible bonds".

* * * *

Items 150 and 160 of liabilities, respectively "Reserves" and "Valuation reserves" are commented on in Part D Section 4- Information on Equity.

Section 12 - Minority Shareholder's Equity- Item 180

12.1 Minority Shareholder's Equity: breakdown

	31/12/2020	31/12/2019
Capital	2	2
Reserves	(7)	(7)
Profit (Loss) for the year		
Total	**(5)**	**(5)**

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

Interest and similar income - Item 10

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2020	Total 31/12/2019
1. Financial assets measured at fair value through profit and loss:	**255**	**-**	**0**	**255**	**424**
1.1 Financial assets held for trading	255	-	-	255	424
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	0	0	
2. Financial assets measured at fair value through other comprehensive income	**-**	**-**		-	**802**
3. Financial assets measured at amortised cost:	**3,389**	**32,317**	**-**	**35,707**	**31,738**
3.1 Loans to banks	3,047	113		3,160	2,475
3.2 Loans to financial companies	-	(1)		(1)	-
3.3 Loans to from clients	343	32,206		32,549	29,263
4. Hedging derivatives			**8,713**	**8,713**	**8,589**
5. Other assets			**72.32**	**72**	**411**
6. Financial liabilities			**2,554**	**2,554**	**2,592**
Total	**3,856**	**32,317**	**8,785**	**47,301**	**44,557**
of which: interest income on impaired financial assets	0	303	0	303	

The item, which mainly refers to interest accrued by the bank, consists for the most part of interest on the portfolio of loans to customers.

Section 1 - Interest expense - Item 20

1.3 Interest and similar expense: breakdown

Items/Technical forms	Loans payable	Securities	Other transactions
1. Financial liabilities measured at amortised cost	**5,318**	**19,694**	**-**
1.1 Payables to banks	(125)	-	-
1.2 Payables to financial companies	0	-	-
1.3 Payables to customers	5,443	-	-
1.4 Securities issued	-	19,694	-
2. Financial liabilities held for trading	**-**	**-**	**-**
3. Financial liabilities at fair value	**-**	**-**	**-**
4. Other liabilities and provisions	**-**	**-**	**2**
5. Hedging derivatives	**-**	**-**	**-**
6. Financial assets	**-**	**-**	690
Total	**5,318**	**19,694**	**692**

Section 2 - Commission - Items 40 and 50

This item is shown net of contracts in which Invitalia acts as the Delegated Contracting Authority, in compliance with IFRS 15. These involve contracts under which Invitalia acts as an "agent", that is with the obligation to take action to ensure a third party provides the specific asset or service.

The reimbursement received is net of the cost incurred to comply with the obligation.

2.1 Commission income: breakdown

Type of services/Amounts	Total 31/12/2020	Total 31/12/2019
a) financial leases	-	-
b) factoring transactions	358	100
c) consumer loans	-	-
d) guarantees given	2	23
e) services	416,240	372,417
- management of third party funds	*319,201*	*228,036*
- currency brokering	-	-
- product distribution	-	-
- other	*97,039*	*144,381*
f) collection and payment services	181	201
g) servicing for securitisation transactions	36	48
h) other commissions	19	-
Total	**416,835**	**372,789**

0

The item "**Management of third-party funds and other services**" at 31 December 2020 essentially includes € 140 million relative to fees and contributions to repay costs sustained to carry out activities associated with operating programmes assigned by the relevant administrations to the parent company, € 122 million for the subsidiary Banco del Mezzogiorno-MCC, of which 107 million for services rendered to manage the SME Guarantee Fund and € 154 million for revenue accrued by Infratel for creation of infrastructure to create ultra-broadband, commissioned by regional administrations.

Below is the breakdown:

	2020	2019
Broadband deployment	153,739	185,881
BdM - MCC - Subsidised SME Financing	121,634	54,648
Resto al sud [Remain in the South]	12,103	9,647
Emilia Romagna earthquake 2019-2020	12,029	9,318
TA Enterprise and Competitiveness NOP 2014-2020	8,684	9,177
2015 Development contracts	7,347	8,364
Central Italy earthquake	5,136	7,204
New 181 Regime	4,296	6,362
Smart & Start Italia	3,818	5,284
Bagnoli – Works	3,707	5,024
Bagnoli-Coroglio remediation	3,385	3,796
New interest-free companies	3,352	3,432
Sabatini Capital Goods	3,323	3,346
National technical assistance programme FSC	3,115	3,296
System Actions-IV addendum	2,667	3,134
Support to Extraordinary COVID-19 Emergency Committee	2,606	2,687
Tech. Assistance PO Environment MATTM DGSTA	2,573	2,625
ReOPEN SPL	2,536	2,534
Italian Legislative Decree No. 185-Title 2	2,519	2,327
National Aid Register	2,465	2,273
Transition to DVB-T2 communication	2,325	2,066
PNR 2015-2020- FSC Excerpt Plan	1,904	2,037
Italian Legislative Decree No. 185-Title 1	1,897	1,844
Tech. Ass. MISEDGIAI COP Enterprises and Competitiveness	1,875	1,748
Digit GDEI ZFU	1,582	1,730
DC 2014-2020	1,563	1,724
Innovative investments - Ministerial Decree 9/3/2018	1,560	1,646
Grow in the South	1,500	1,477
Imprenditorialità Turismo 4	1,452	1,242
Digital export reinforcement	1,441	1,164
MLPS Controls Level I	1,400	1,071
Reimbursement PPE purchases pursuant to article 43, Decree Law 18/20	1,324	1,054
Museum Sites of Excellence	1,315	1,027
MIUR-Servizi Istruttori Progetti Ricerca	1,308	1,016
Decree Law 18/2020 – Art. 5	1,262	985
Culture and Tourism DCF 2014-2020	1,228	938
Inland areas 3	1,221	896
Support for handling the migrant reception emergency	1,113	843
Innovative entrepreneurship	1,060	828
CdC MIBACT cohesion policy project	1,016	789
Consumers 2019-2021	977	810
MED and MIT PSNMS	810	744
Patents +2	798	688
"DGLC UIBM - Strengthen admin. activity	778	683
SGATE	771	673
Other contractors	21,724	12,334
	416,240	**372,417**

Section 2 - Commission expense - Item 50

2.2 Commission expense: breakdown

Services/Amounts	Total 31/12/2020	Total 31/12/2019
a) guarantees received	(380)	(252)
b) distribution of third party services	(163,937)	(175,690)
c) management and brokering services:	-	-
1. trading financial instruments	-	-
2. currencies trading	-	-
3. portfolio management:	-	-
3.1 own	-	-
3.2 delegated to third parties	-	-
4. securities custody and administration	-	-
5. placement of financial instruments	-	-
6. off site offering of financial instruments, products and services	-	-
c) collection and payment services	(231)	(364)
d) other commissions		(721)
Total	**(164,549)**	**(177,027)**

Below is a list of activities relative to contracts for " **Distribution of third party services".**

	2020	2019
Ultra-Broadband	152,723	170,011
Bagnoli - Works	3,597	1,018
Digital export reinforcement	744	498
PNR 2015-2020- FSC Excerpt Plan	708	447
ReOPEN SPL	476	318
Emilia Romagna earthquake 2019-2020	404	298
Bagnoli-Coroglio remediation	352	235
Central Italy earthquake	343	230
Inland areas 3	324	220
TA Enterprise and Competitiveness NOP 2014-2020	268	201
2015 Development contracts	220	193
Resto al sud [Remain in the South]	188	189
IDC former prison S. Stefano Ventotene	181	161
Tech. Assistance PO Environment MATTM DGSTA	129	159
ACP 2007/2013-Protection projects	120	144
Support for the Culture and Development NOP	112	115
National technical assistance programme FSC	81	111
MLPS Controls Level I	75	99
Development of cooperatives 2017	72	83
New 181 Regime	70	81
New interest-free companies	69	71

New interest-free companies	66	62
Innovative entrepreneurship	65	62
System-level actions	64	60
DC 2014-2020	54	58
Support for handling the migrant reception emergency	53	53
Etnea Area Reconstruction	52	38
Sabatini Capital Goods	51	38
JHEP2 EU project support	48	38
Central Italy earthquake - Schools	44	37
Other contractors	2,185	363
Total	**163,937**	**175,690**

Section 3 - Dividends and similar income - Item 70

During 2020, no dividends were received.

Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

4.1 Gains (Losses) on financial assets and liabilities held for trading: breakdown

Operations/Income components	Capital gains (A)	Realized gains (B)	Capital losses (C)	Realized losses (D)	Net result [(A+B) = (C+D)]
1. Financial assets held for trading	**163**	**49**	**-**	**(324)**	**(111)**
1.1 Debt securities	163	49	-	(3)	209
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	(320)	(320)
1.4 Loans	-	-	-	-	-
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					-
4. Derivatives	**-**	**-**	**-**	**-**	-
4.1 Financial derivatives:	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected to the fair value option					-
Total	**163**	**49**	**-**	**(324)**	**(111)**

The item represents the net negative result of financial transactions related to debt securities in the portfolio, determined for € 163,000 from the positive valuation at the end of the year and for € 274,000 to net losses generated from sales and redemptions of securities and UCITS units.

Section 5 - Gains (Losses) on hedging activities - Item 90

5.1 Gains (Losses) on hedging activities: breakdown

Income components/Amounts	Total 31/12/2020	Total 31/12/2020
A. Income from:		
A.1 Fair value hedging derivatives	4,035	7,032
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	188	2,636
A.4 Cash flow hedging derivatives	-	-
A.5 Other	-	-
Total income from hedging activities (A)	**4,223**	**9,668**
B. Charges related to:		
B.1 Fair value hedging derivatives	(185)	(2,744)
B.2 Hedged financial assets (fair value)	-	-
B.3 Hedged financial liabilities (fair value)	(4,013)	(7,029)
B.4 Cash flow hedging derivatives	-	-
B.5 Other	-	-
Total charges for hedging activities (B)	**(4,197)**	**(9,773)**
C. Net income from hedging activities (A-B)	**26**	**(105)**
of which: net result of hedging positions	-	-

The item represents the net result of hedging activities carried out using derivatives.

Section 6 - Gains (Losses) on disposal and repurchase - Item 100

6.1 Gains (Losses) on disposal and repurchase: breakdown

Items / Income Components	2020			2019		
	Profit	Loss	Net result	Profit	Loss	Net result
1. Financial assets						
1. Financial assets measured at amortised cost:	**-**	**(92)**	**(92)**	**-**	**-**	**-**
1.1 Loans to Banks						
1.2 Loans to Customers		(92)	(92)			
2. Financial assets measured at fair value through other con	**13,345**	**(4,556)**	**8,789**	**25,138**	**(14,840)**	**10,298**
2.1 Debt securities	13,345	(4,556)	8,789	25,138	(14,840)	10,298
2.2 Loans						
Total assets (A)	**13,345**	**(4,648)**	**8,697**	**25,138**	**(14,840)**	**10,298**
2. Financial liabilities measured at amortised cost						
1. Payables to banks						
2. Payables to clients						
3. Securities issued						
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

The item shows a positive net result of € 8,697,000, deriving from the loss realised through the sale of financial assets classified as "financial measured assets at amortised cost" (€ -92,000) and the net positive result of "Fair value through other comprehensive income" (€ 8,789,000).

Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

The item can be broken down as follows:

Items/Sectors	31.12.2019	31.12.2019
Financial assets and liabilities designated at fair value (a)	(741)	1,343
Other financial assets mandatorily measured at fair value (b)	205	(84)
Total	**(536)**	**1,259**

7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities at fair value

Operations/Income components	Capital gains (A)	Realised gains (B)	Capital losses (C)	Realised losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**776**	**38**	**-**	**(73)**	**741**
1.1 Debt securities	776	38	-	(73)	741
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Securities issued	-	-	-	-	-
2.2 Payables	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange differences					**-**
Total	**776**	**38**	**-**	**(73)**	**741**

This item represents the positive change deriving from the year-end valuation of the capitalisation policies held by the parent company and includes the balance of capital losses recognised on UCITS units. Measurement of UCITS units subscribed with third-party funds is recognised as a balancing entry to the corresponding item under Other liabilities.

7.2 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets necessarily measured at fair value (IFRS 7, paragraph 20 letter a), i)

Operations/Income components	Capital gains (A)	Realised gains (B)	Capital losses (C)	Realised losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**-**	**-**	**(205)**	**-**	**(205)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	(0)	-	(0)
1.3 UCITS units	-	-	(205)	-	(205)
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange differences					**-**
Total	**-**	**-**	**(205)**	**-**	**(205)**

The sub-item mainly includes the balance of capital losses from valuation registered in units of UCITS classified among financial assets necessarily measured at fair value.

Section 8 - Net adjustments/recoveries for credit risk - Item 130

The item can be broken down as follows:

Items/Sectors	31/12/2020	31/12/2019
a) Financial assets measured at amortised cost	(30,691)	(19,793)
b) Financial assets measured at fair value through other comprehensive income	(475)	(22)
Total	**(31,166)**	**(19,815)**

8.1 Net adjustments/recoveries for credit risk relative to financial assets at amortised cost: breakdown

Operations/Income components	Value Adjustments (1)			Write-backs (2)		Total	Total
	Stage one and two	Stage three		Stage one and two	Stage three		
		Write-offs	Other			31/12/2020	31/12/2019
A. Loans to banks	**(78)**	**-**	**172**	**3,539**	**-**	**3,633**	**(2,813)**
Loans acquired or originated impaired	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
Other credits	(78)	-	172	3,539	-	3,633	(2,813)
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
B. Loans to financial companies	**-**	**-**	**-**	**1,437**	**-**	**1,437**	**(1,208)**
Loans acquired or originated impaired	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
Other credits	-	-	-	1,437	-	1,437	(1,208)
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
C. Loans to Customers	**(22,850)**	**(9)**	**(16,515)**	**1,151**	**2,462**	**(35,761)**	**(15,771)**
Loans acquired or originated impaired	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- for consumer loans	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
Other credits	(22,850)	(9)	(16,515)	1,151	2,462	(35,761)	(15,771)
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- for consumer loans	-	-	-	-	-	-	-
- pledge loans	-	-	-	-	-	-	-
- other Loans	-	-	-	-	-	-	-
Total	**(22,929)**	**(9)**	**(16,342)**	**6,128**	**2,462**	**(30,691)**	**(19,793)**

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

Operations/Income components	Net value adjustments				
	Stage one and two	Stage three - Write-offs	Stage three - Other	Total 31.12.2020	Total 31.12.2019
1.Loans subject to forbearance in compliance with GLs	1,793		70	1,863	
2. Loans subject to other forbearance measures			49	49	
3. New loans	2,172		75	2,247	
Total 31.12.2020	**3,965**		**194**	**4,159**	

8.2 Net adjustments/recoveries for credit risk relative to financial assets measured at fair value through other comprehensive income: breakdown

Operations/Income components	Value Adjustments (1)			Write-backs (2)		Total	Total
	Stage one and two	Stage three		Stage one and two	Stage three	31/12/2020	31/12/2019
		Write-offs	Other				
A. Debt securities	(1,058)	-	-	583	-	(475)	(22)
B. Loans	-	-	-	-	-	-	-
- with clients	-	-	-	-	-	-	-
- with banks	-	-	-	-	-	-	-
of which: acquired or originated impaired financial assets	-	-	-	-	-	-	-
Total	**(1,058)**	**-**	**-**	**583**	**-**	**(475)**	**(22)**

Section 9 - Profit (Loss) contractual changes without cancellation - Item 140

9.1 Profit (loss) from contractual changes: breakdown

		31.12.2020
a.	Loss from contractual changes without cancellations	(168)
b.	Profit from contractual changes without cancellations	263
	Total a+b	**95**

Section 10 - Administrative expenses - Item 160

The item can be broken down as follows:

Items/Sectors	31.12.2020	31.12.2019
Staff costs (a)	*(149,369)*	(139,515)
Other administrative expenses (b)	*(42,859)*	*(41,244)*
Total	**(192,228)**	**(180,759)**

12.1 Staff expenses: breakdown

Type of expense/Amounts	Total 31/12/2020	Total 31/12/2019
1) Employees	(147,872)	(128,690)
a) salaries and wages	*(136,985)*	*(89,928)*
b) social security charges	*(6,934)*	*(27,990)*
c) severance pay	*(1,228)*	*(1,200)*
d) insurance expenses	*(248)*	*(103)*
e) provisions for employee severance liabilities	*(464)*	*(5,396)*
f) allocations to the provision for retirement and similar obligations:	*(24)*	*(37)*
- defined benefit schemes	*(24)*	*(37)*
g) contributions to supplementary external pension funds:	*(379)*	*(2,064)*
- defined contribution schemes	*(379)*	*(2,064)*
- defined benefit schemes	-	-
h) other employee benefits	*(1,611)*	*(1,972)*
2) Other working staff	(709)	(9,721)
3) Directors and Statutory Auditors	(787)	(1,342)
4) Personnel on leave	-	-
5) Recovery of expenses for employees seconded to other companies		237
6) Reimbursement of expenses for third party employees seconded to the company		
Total	**(149,369)**	**(139,516)**

"**Payments to external supplementary pension plans with defined contributions**" account for the severance indemnity payments made to INPS.

Average number of employees	31/12/2020	31/12/2019
a) executives	66	62
b) middle managers	394	402
c) remaining employees	1,585	1,490
Other working staff	242	200
	2,287	**2,154**

Number of employees by category

Number of employees by category	31/12/2020	31/12/2019
a) executives	62	58
b) middle managers	397	402
c) remaining employees	1,559	1,514
Other working staff	218	184
	2,236	**2,158**

10.3 Other administrative expenses: breakdown

Type of expense/Amounts	Total 31/12/2020	Total 31/12/2019
Other administrative expenses		
- Use of third party assets	(870)	(1,018)
- Legal and notary	(7,338)	(10,626)
- Miscellaneous third parties services	(10,022)	(5,244)
- Maintenance, utilities and insurance	(4,148)	(4,190)
- Other personnel expense	(1,368)	(2,546)
- IT systems	(11,284)	(9,193)
- Indirect taxes and taxes	(957)	(932)
- Communication expenses	(3,015)	(1,032)
- Consumables and other operating expenses	(288)	(471)
- Association contributions	(270)	(484)
- Board of Statutory Auditors expenses	(34)	(58)
- Other	(3,266)	(5,450)
Total	**(42,859)**	**(41,244)**

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

11.1 Net provisions for credit risk relative to commitments to disburse funds and financial guarantees given: breakdown

The item can be broken down as follows:

Items/Sectors	31.12.2020	31.12.2019
Commitments for guarantees given (a)	(2,235)	(1,131)
Other net provisions (b)	(16,584)	(6,341)
Total	**(18,819)**	**(7,472)**

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

Type of expense/Amounts	Total 31/12/2020	Total 31/12/2019
Other net provisions	-	-
- Use of provision for future charges	-	1,273
- Net provisions for other risks	(16,584)	(7,614)
Total	**(16,584)**	**(6,341)**

The allocation of € 16,584,000 refers for around 13 million to the adoption of early retirement incentive measures and disputes for which the risk of a loss is deemed probable.

Section 12 - Net value adjustments/write-backs on property, plant and equipment - Item 180

14.1. Net value adjustments to property, plant and equipment: breakdown

Activity/Income components	Amortisation/Depreciation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
A. Property, plant and equipment				
A.1 Owned	(17,851)	-	-	(17,851)
- for functional use	(17,851)	-	-	(17,851)
- for investment	-	-	-	-
- Inventories		-	-	-
A.2 Acquired under financial leases	(1,338)	-	-	(1,338)
- for functional use	(1,338)	-	-	(1,338)
- for investment	-	-	-	-
A.3 Assets granted through operating leases				
Total	**(19,190)**	**-**	**-**	**(19,190)**

The item includes depreciation for the year on owned assets as well as value adjustments regarding rights of use acquired through operations that fall within the scope of IFRS 16.

Section 13 - Net value adjustments/write-backs on intangible assets - Item 190

15.1 Net adjustments/write-backs to intangible assets: breakdown

Activity/Income components	Amortisation/Depreciation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
1. Intangible assets other than goodwill				
1.1 Owned	(5,705)	-	-	(5,705)
2 Acquisitions relative to financial leases	-	-	-	-
3 Assets acquired through operating leases				
Total	**(5,705)**	**-**	**-**	**(5,705)**

The item includes amortisation for the year on owned fixed assets.

Section 14 - Other operating income and charges - Item 200

The item can be broken down as follows:

Items/Sectors	31.12.2020	31.12.2019
Other charges (a)	(6,202)	(2,802)
Other income (b)	43,080	27,818
Total	**36,878**	**25,016**

14.1 - Other operating expense: breakdown
14.2 - Other operating income: breakdown

Services/Amounts	Total 31/12/2020	Total 31/12/2019
14.1 Other operating expense	**(6,202)**	**(2,802)**
- Other operating expense	(6,202)	(2,802)
14.2 Other operating income	**43,080**	**27,818**
- Rental income	1,219	1,214
- Revenue from contractual penalties	-	-
- Revenue from capital grants	17,768	17,405
- Revenue from operating grants	16,230	1,395
- Reversals	92	187
- Other operating income	7,771	7,616
Total	**36,878**	**25,016**

The item mainly includes other charges recognised by the Bank for amortisation of third party assets, settlements and agreements and charges for securitisation.

The sub-item "revenue from capital grants" essentially includes € 16 million for plant at the company Infratel and € 932,000 of the Parent Company, recognised on the basis of the accounting for the depreciation of the period of the assets financed by these grants.

"Revenue for operating grants" essentially refer to the subsidiary Infratel and relate to the labour costs, operating expenses and lump sum expenses reported by the MED.

"Revenue from operating grants" essentially refer to the subsidiary Infratel and relate to the labour costs, operating expenses and lump sum expenses reported to the MED.

The item "Rental income" includes the rents of the hangar leased to Atitech.

Section 15 - Profits (Losses) on equity investments - Item 220

15.1 Profit (loss) on equity investments: breakdown

Income components/Sectors	Total 31/12/2020	Total 31/12/2019
A. Income	**471**	**5,333**
1. Revaluations	471	100
2. Profits from disposals		5,233
3. Write-backs	-	-
4. Other revenue	-	-
B. Charges	**(528)**	**-**
1. Depreciation / Impairment	(528)	-
2. Losses on disposals	-	-
3. Value adjustments for impairment	-	-
4. Other expenses	-	-
Net result	**(57)**	**5,333**

Section 18 - Profit (Loss) from disposal of investments - Item 250

No changes were seen in this item during the year.

Section 19 - Income taxes for the year from continuing operations - Item 270

19.1 Income taxes for the year from continuing operations: breakdown

Income components/Sectors	Total 31/12/2020	Total 31/12/2019
1. Current taxes (-)	(23,875)	(9,508)
2. Changes in current taxes from previous years (+/-)	1,256	(362)
3. Reduction in current taxes for the year (+)	-	-
3.bis Reduction in current taxes for the year due to tax credits pursuant to Law 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	9,474	817
5. Changes in deferred tax liabilities (+/-)	-	-
6. Taxes accruing during the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(13,145)**	**(9,053)**

Section 20 - Profit (loss) after tax from discontinued operations - Item 290

22.1 Profit (loss) after tax from discontinued operations: breakdown

Income components/Sectors 0	Total 31/12/2020	Total 31/12/2019
1. Income	(1,722)	(1,720)
2. Charges	6,692	10,867
3. Result of measurement of the group of assets and associated liabilities	(8,717)	(14,391)
4. Profit (loss) realised	(540)	(1,170)
5. Taxes	1,376	841
Profit (loss)	**(2,911)**	**(5,573)**

The item includes the negative balance of € 2,911,000 for revenue (interest, dividends, etc.) and expense (interest payable, amortisation/depreciation, etc.) relative to asset groups and associated liabilities held for sale, net of relative current and deferred taxes.

Section 22 - Minority profit (loss) of the year - Item 310

22.1 Minority profit (loss) of the year: breakdown

Company name	Total	Total
	31/12/2020	31/12/2019
Minority profit (loss) of the year	-	-
Total	**-**	**-**

The item reflects the portion attributable to non-controlling interests of the profits of a subsidiary, equal to € 100.

Part D - Other Information

Section 1- Specific references for activities carried out

B - FACTORING AND ASSIGNMENT OF RECEIVABLES

B.1 - Gross value and book value

B.1.1 Factoring transactions

	31.12.2020	31.12.2020	31.12.2020	31.12.2019	31.12.2019	31.12.2019
Gross value and book value	**Gross value**	**Value Adjustments**	**Net value**	**Gross value**	**Value Adjustments**	**Net value**
1. Not impaired	**65,327**	**(67)**	**65,260**	**61,936**	**(65)**	**61,871**
. Exposures to assignors (with recourse)	***62,760***	***(31)***	***62,729***	***59,369***	***(42)***	***59,327***
assignment of future receivables	(2,251)	(31)	(2,282)	(1,880)		(1,880)
other	65,011		65,011	61,249	(42)	61,207
. Exposures to assigned debtors (without recourse)	***2,567***	***(36)***	***2,531***	***2,567***	***(23)***	***2,544***
2. Impaired	**5,970**	**(69)**	**5,901**	**5,970**		
2.1 Impaired items	**5,970**	**(69)**	**5,901**	**5,970**		
. Exposures to assignors (with recourse)	***5,970***	***(69)***	***5,901***	***5,970***		
assignment of future receivables	5,970	(69)	5,901	5,970		
other						
. Exposures to assigned debtors (without recourse)						
acquisitions at less than nominal value						
other						
2.2 Probable default						
. Exposures to assignors (with recourse)						
assignment of future receivables						
other						
. Exposures to assigned debtors (without recourse)						
acquisitions at less than nominal value						
other						
2.3 Past due impaired exposures						
. Exposures to assignors (with recourse)						
assignment of future receivables						
other						
. Exposures to assigned debtors (without recourse)						
acquisitions at less than nominal value						
other						
Total	**71,297**	**(69)**	**71,161**	**67,906**	**(65)**	**61,871**

B.2 – Breakdown by residual life

B.2.1 – With recourse factoring: advances and total receivables

Time stages	- advances	- advances	- total receivables	- total receivables
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
on demand			65,011	61,249
over 1 year	(2,251)	(1,880)		
Total	**(2,251)**	**(1,880)**	**65,011**	**61,249**

B.2.2 – Without recourse factoring transactions: exposures

	- exposures	- exposures
Without recourse factoring transactions	**31.12.2020**	**31.12.2019**
- on demand	2,567	2,567
- up to 3 months		
- over 3 months to 6 months		
- over 6 months to 1 year		
- over 1 year		
- indefinite duration		
Total	**2,567**	**2,567**

B.3 – Other information
B.3.1 - Turnover of receivables in factoring transactions

	Total	Total
Turnover of receivables in factoring transactions	**31.12.2020**	**31.12.2019**
- without recourse transactions	-	-
- with recourse transactions	-	-
Total	**-**	**-**

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

	Total	Total
Nominal value of contracts for the acquisition of future receivables	**31.12.2020**	**31.12.2019**
Flow from contracts for acquisition of future receivables during the year	-	-
Amount of contracts existing as of the reporting date	71,297	67,906
Total	**71,297**	**67,906**

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 Value of guarantees issued and commitments

	2020	2019
1) First demand guarantees given of a financial nature		
a) Banks	13	9
c) Customers	52,828	44,759
3) Commercial guarantees given		
c) Customers	9,739	12,705
4) Irrevocable commitments to disburse funds		
b) Financial institutions		
i) For certain use		4,117
c) Customers		
a) For certain use	15,462,637	7,703,549
ii) for uncertain use	350	350
7) Other irrevocable commitments		
a) to give guarantees	452	452
b) other	172,723	161,329
Total	**15,698,743**	**7,927,270**

The item "Irrevocable commitments to disburse funds" includes the financial resources dedicated exclusively to the disbursement of subsidies from third-party funds under management accounted for in the memorandum accounts, since the operations of Invitalia are limited to provision of services on behalf of the State.

The item "Other irrevocable commitments" mainly includes loans stipulated to be disbursed to clients by MCC-BDM for € 167,829,000 and for around € 11,043,000 for Italia Turismo, relative to the estimate of investments to be made to complete urbanisation work in the municipalities of Sibari, Nicotera, Simeri, Crichi and Sciacca.

With regards to disclosure requirements under paragraphs 125 and subsequent of article 35 of Decree Law 34 of 30 April 2019, note that all spending commitments taken on by Invitalia relative to funds under management are published in the National Aid Register, pursuant to article 52 of Law 234 of 24 December 2012, in the transparency section established therein.

Breakdown of "Irrevocable commitments to disburse funds" - Development contracts

	2020	2019
"Research and Competitiveness" NOP ERDF 2007-2013:		
Axis I - "Support for structural changes"		
- Revolving fund for development contracts	50,296	42,024
Axis II - "Support for innovation"		
- Revolving fund for development contracts	85,835	67,849
Axis I - "Support for structural changes"		
Axis II - "Support for innovation"		
- Operating grant	1,723	3,413
SIL NOP		
- Revolving fund for development contracts	1,293	4,912
- Development contracts, operating grants	11,843	6,266
Axis II - Investments in businesses in the tourism, cultural and environmental sectors		
- Revolving fund for development contracts	681	764
- Development contracts, operating grants	-	312
L'Aquila earthquake area		
- Development Contracts operating grants-Revolving Fund	2,178	1,277
2013 Stability Law Basilicata		
- Revolving fund for development contracts	737	817
- Development contracts, operating grants	3,015	15
Centre-North Initiative		
- Revolving fund for development contracts	45,248	36,320
National ACP [Action and Cohesion Plan]		
- Revolving fund for development contracts	1,686	1,260
- Development contracts, operating grants	5,040	2,110
ACP for Campania		
- Revolving fund for development contracts	1,311	1,714
- Development contracts, operating grants	650	4,984
- Campania Region, operating grants, development contracts	14,473	10,320
2014 State budget		
- Revolving fund for development contracts	6,402	4,187
The Termini Imerese Programme Agreement		
- Revolving fund for development contracts	79	79
- Development contracts, operating grants	2,140	2,140
Development and Cohesion Fund		
- Revolving fund for development contracts	86,456	63,171
- Development contracts, operating grants	37,492	19,503
E&C NOP Axis I		
- Revolving fund for development contracts	8,201	5,350
- Development contracts, operating grants	24,734	11,746
E&C NOP Axis III		
- Revolving fund for development contracts	35,313	45,783
- Revolving fund for development contracts Por Lazio	542	960
E&C NOP Axis IV		
- Revolving fund for development contracts	10,111	10,108
- Development contracts, operating grants	4,371	14,006
E&C POC 2014-2020		
- Revolving fund for development contracts	6,381	8,548
- Development contracts, operating grants	15,607	7,037
POC Axis III		
- Development contracts, operating grants	7,895	5,438
The Sustainable Growth Fund		
- Revolving fund for development contracts	20,913	845
- Development contracts, operating grants	6,935	2,308
MD 9 March 2018 E&C NOP Axis III 2014-2020		
- Revolving fund for development contracts	35,668	40,207
- Development contracts, operating grants	20,761	55,000
MD 9 March 2018 E&C NOP Axis IV 2014-2020		
- Revolving fund for development contracts	248	7,787
- Development contracts, operating grants	122	700
Region DC		
- Lazio operating grants	2,325	3,333
- Abruzzo operating grants	75	75
- Piedmont operating grants	658	480
- Apulia operating grants	3,076	-
- Sicily operating grants	141	-
- Umbria operating grants	539	-
- Operating grants, autonomous province of Bolzano	211	-
- Basilicata operating grants	549	
National Resources DC		
- Development contracts, operating grants	1,068	-
Sulcis DC		
- Development contracts, operating grants	14,840	-
Equity Investments DC	9,251	9,250
Total	**589,112**	**502,397**

	2020	2019
"Renewable Energies and Energy Saving" IOP ERDF 2007-2013:		
Axis I - "Energy production from renewable sources"		
- Activity line 1.2		
- Revolving fund for subsidised loans	79,040	76,433
- Operating grant	2	2
- Activity line 2.1		
- Revolving fund for subsidised loans	48,998	47,358
- Operating grant	179	180
- Activity line 1.1 - Biomass		
- Revolving fund for subsidised loans	11,252	10,895
- Operating grant	42	42
Smart & Start Title-ll and III		
- Contribution to operating expenses, Title II (MD 06/03/2013)	3,644	3,645
- Operating grant, Title III (MD 06/03/2013)	4,598	4,689
- Grant for Smart Start Abruzzo	1,171	1,171
Smart and Start Italy		
- Rolling Fund - Operating grant - Grant for management MD 24/09/14	25,441	17,474
- Revolving Fund - Operating grant - 2017 Stability Law management	17,112	338
- Revolving Fund - Operating grant - 2014/2020 NOP management	9,890	9,969
New interest-free companies		
- Revolving fund for Single Fund	9,398	9,624
- Revolving fund for 2017 Stability Law	9,868	41,988
- non-interest bearing liquidity, SIL NOP 2000/2006	1,254	19,052
- Revolving Fund Pac Campania	22	11
- Liquidity c/o Treasury 01/01	44,174	
- Collection of fees from Treasury account	(5,822)	(3,464)
SELFIEmployment		
- Revolving fund	13,012	6,116
AZ 3.A.1.A New Businesses NOP		
- Revolving fund	10,552	3,688
- Operating grants	172	1,763
AZ 3.B.1.A NOP Cons. SME		
- Revolving fund	6,246	3,403
- Operating grants	487	682
AZ 3.C.1.A NOP Tertiary Sector		
- Operating grants	376	1,438
CRASI L'Aquila MD 14/10/2015		
- Measure I, operating grant - New Crasi	1,726	3,084
- Measure II, operating grant	455	626
Murgia		
- operating grant	3,510	4,060
MD Campania 13/02/2014		
- Revolving fund	4,982	4,810
- operating grant	3,065	3,921
New Law 181		
-Growth Fund, Revolving fund	6,425	6,452
-NOP E&C Axis III, Revolving fund	9,470	13,116
-POR FESR 2014-2020 Campania Revolving Fund	3,286	6,750
-POR FESR 2014-2020 Basilicata Revolving Fund	506	506
-FSC Campania Revolving Fund	29	842
-Single Fund, Revolving fund	2,668	4,331
-Law 80/05 Revolving Fund	1,655	447
- FSC Calabria Revolving Fund	334	-
-Growth fund, operating grant	3,475	3,524
-NOP E&C Axis III, operating grant	1,148	2,461
-FESR operating grant	138	600
-Law 80/05 operating grant	703	294
-Single Fund, operating grant	1,835	2,377
-FSC Campania operating grant	72	-
-FSC Calabria operating grant	173	-
Resto al sud [Remain in the South]		
- operating grant, capital grant	41,019	39,389
Internationalisation voucher		
- operating grant	1,557	2,426
Innovative Investments Voucher		
- operating grant	38,860	25,000
Management of concession laws		
- Single fund Article 27 par. 11 Law 488/1999	68,269	70,923
- EU funds	4,156	4,156
- QCS Fertility Project 89/94	1,996	1,996
- Young ideas change Italy	1,163	1,163
CuraItalia		
- CuraItalia Decree Law 18 of 17 March 2020 - article 5	15,609	-
- CuraItalia Decree Law 17 March 2020 - Safe Company Notice article 43	2,926	-
Patents +		
- Contributions	50,279	26,014
Fondo Imprese sud [Southern Enterprise Fund]	124,380	144,906
Matera DL 91-2017 art 7 par. 1-BIS	13,613	14,939
COP MED 2020 Notification	5,302	5,300
Guarantee fund Law 23/12/96 no. 662 c/o Mediocredito Centrale	13,500,943	6,377,667
Sustainable Growth Fund DL 22/06/12 no. 83, article 23, p. 2	117,347	95,519
Fund Law 23/12/00 art. 106 c/o Mediocredito Centrale	32,334	32,499
Fund Law 23/12/97 no. 454 c/o Mediocredito Centrale	1,454	1,453
National Research and Innovation Operating Programme Fund 2014-2020	4,095	558
Management portion single fund Marche Region	4,420	8,509
Management portion single fund Liguria Region	8,761	8,757
Law 488 RTI (MCC/BDS/IRFIS) MPA (now MED)	7,454	7,428
Other funds	18,714	17,851
"Cresci al Sud" Fund (Grow in the South)	50,000	-
National Energy Efficiency Financing Fund	77,600	-
National Energy Efficency Guarantee Fund	33,257	-
Company Protection Fund	300,000	-
Total	**14,862,270**	**7,201,152**
Other commitments of uncertain use	350	350
Total	**14,862,620**	**7,201,502**
Grand total	**15,451,382**	**7,703,549**

COMMITMENTS

Note that in the following schedules, amounts relative to liquidity available for individual lines include annual interest accrued and indicate the effective amount of resources available for disbursing subsidies.

Development Contracts

In implementation of Article 43 of Italian Decree-Law no. 112 of 25 June 2008 converted and amended by Italian Law no. 133 of 6 August 2008, the Interministerial Decree of 24 September 2010, published in the *Official Gazette of the Italian Republic* (*OG*) no. 300 of 24 December 2010, establishes the so-called "Development Contracts" identified with a new preferential formula designed to support large investments.
The subsequent Ministerial Decree [MD] of February 2014, published in the *OG* on 29 January 2015, reformed the governance of development contracts in accordance with EU legislation for the 2014-2020 period (EU regulation 651/2014 - GBER). Subsequently, the MD was integrated and amended by the Ministerial Decree of 9 June 2015, published in the *OG* on 23 July 2015. Lastly, on 8 November 2016, a further amendment decree was issued, published in the *OG* on 5 December 2016, to reduce the time required for granting subsidies and to establish a new procedure for large-scale strategic projects.
The details of the individual financial sources active in the Development Contracts are shown below.

Axis-1 - support for structural changes (operational goal 4.1.1.2 "Technological-productive areas for system competitiveness")

This measure enables the financing of investment, research and development programmes undertaken in the Industry, Tourism and Trade sectors.

Axis II - Support for innovation (4.2.1.1 Operational objective "Strengthening the production system")

The project includes two programmes focussed on:

- industrialisation of the results of the experimental research and development programmes;
- the pursuit of specific innovation, competitive improvement and environmental protection goals.

A Revolving Fund has been the established for a revolving fund for disbursements of facilitated financing under the operational goal 4.2.1.1 with separate capital and accounting. Total financial resources allocated to the above goal are € 430 million of which € 50 million dedicated to Axis II.

	2020	2019
Revolving Fund (MD 24/09/10) Axis I		
Cash at 01/01	**42,024**	27,123
Subsidies provided	-	14
Repayments from beneficiaries	10,440	16,621
Funds returned to the Ministry	(1,777)	-
Amounts	(393)	(1,737)
Net annual banking amounts	2	3
Cash at 31/12	**50,296**	**42,024**

	2020	2019
Revolving Fund (MD 24/09/10) Axis II		
Revolving Fund (MD 06/08/10)		
Cash at 01/01	**67,849**	**48,543**
Subsidies provided		
MD 06/08/10 NOP RC	(1,521)	(1,995)
Axis II DC	-	-
Repayment of capital portions		
MD 06/08/10 NOP RC	14,839	16,781
Axis II DC	3,672	3,662
ACP	856	854
Repayment of interest portions		
MD 06/08/10 NOP RC	129	177
Axis II DC	52	63
ACP	14	17
Receivables due from other measures	1	(1)
Amounts		
MD 06/08/10 NOP RC	-	(252)
Axis II DC	(56)	-
Net annual banking amounts	-	-
Cash at 31/12	**85,835**	**67,849**

	2020	2019
Operating grants (MD 24/09/10) Axis I		
Operating grants (MD 24/09/10) Axis II		
Grants for plant (MD 06/08/10)		
Cash at 01/01	**3,413**	**5,026**
Subsidies provided		
MD 06/08/10 NOP RC	(661)	(1,015)
Axis I DC	-	-
ACP	(976)	(1,200)
Transfer of funds to other measures	(52)	-
Transfer of funds from other measures		-
Reclassification of disbursements previous years	-	218
Repayment of capital	-	384
Net annual banking amounts	-	-
Cash at 31/12	**1,723**	**3,413**

For these financial sources, € 3,158,000 in subsidies were disbursed during the year.

LED NOP 2000-2006

Resources made available from the 2000-2006 SIL NOP were used to fund development contracts.

	2020	2019
Revolving Fund (MD 24/09/10)		
Cash at 01/01	**4,912**	7,141
Cash advances, other measures	5,000	10,000
Subsidies provided	(8,825)	(12,435)
Repayments from beneficiaries	206	206
Net annual banking amounts	-	-
Cash at 31/12	**1,293**	**4,912**
Grants for plant (MD 24/09/10)		
Cash at 01/01	**6,266**	13,291
Funds cashed	4,000	-
Cash advances, other measures	(6,000)	-
Cash returns, other measures	5,000	-
Subsidies provided	(6,795)	(7,025)
Repayments from beneficiaries	9,372	-
Net annual banking amounts	-	-
Cash at 31/12	**11,843**	**6,266**

For this financial source, € 15,620,000 in subsidies were disbursed during the year.

During the year, funds totalling € 4 million were received from the Ministry, € 10 million from other financial sources and € 6 million were transferred from another financial source.

Axis II - Business competitiveness in the tourism, cultural and environmental sectors, and promotion of Region offerings, convergence objective

The funds allocated to the EU programme are aimed at making investments in the tourism and cultural sectors for qualification and innovation of accommodation facilities.

	2020	2019
Revolving fund for subsidised loans		
Cash at 01/01	**764**	**592**
Repayments from beneficiaries	-	296
Amounts	(83)	(124)
Net annual banking amounts	-	-
Cash at 31/12	**681**	**764**
Grant for plant		
Cash at 01/01	**312**	6,312
Transfer of funds to other measures	(312)	(6,000)
Net annual banking amounts	-	-
Cash at 31/12	**0**	**312**

For this financial source, no subsidies were disbursed in 2020.

The L'Aquila Earthquake Area - Development and Cohesion Fund

The Agency was specifically appointed for projects aimed at favouring the economic and employment recovery of the Abruzzo area hit by the April 2009 earthquake. 4 development contracts were signed and disbursements of over € 29 million were made.

	2020	2019
Development contracts for plant (MD 24/09/10)		
Cash at 01/01	**1,277**	**6,138**
Funds cashed	20,539	-
Restitution of funds to other Measures	(5,000)	-
Cash advances and other measures	(5,539)	-
Subsidies provided	(2,567)	(1,918)
Sums to return Ministerial Commission	31	-
Net annual banking amounts	0	-
Cash at 31/12	**8,741**	
Revolving Fund (MD 24/09/10)		
Subsidies provided	(7,072)	(2,943)
Repayments from beneficiaries	509	-
Total liquidity at 31/12	**2,178**	**1,277**

For this financial source, during the year, € 9,639,000 in subsidies were disbursed.
During the year, funds totalling € 20,539,000 were received from the Ministry, € 5 million from other financial sources and around € 5.5 million was returned to another financial source.

2013 Basilicata regional budget - Law 228/2012

Financial assistance in support of private investments has been made available in the Basilicata region to facilitate the startup and continuation of entrepreneurial initiatives aimed at developing tourism. The intent is to strengthen and improve the quality of accommodation services on offer as well as ancillary activities aimed at promoting tourism products and in need of investment. Relative to this financial source, only 1 Development Contract was admitted, which utilised the entire amount of financing available. Total disbursements amounted to around € 8.4 million.

	2020	2019
Revolving fund for development contracts (Law 228/2012)		
Cash at 01/01	**817**	**797**
Funds cashed	418	-
Subsidies provided	(498)	-
Repayments from beneficiaries	-	20
Net annual amounts	-	-
Cash at 31/12	**737**	**817**
Development contracts for plant (Law 228/2012)		
Cash at 01/01	**15**	**321**
Funds cashed	3,023	-
Transfer of funds	910	-
Restitution of funds to MED	(28)	-
Sums to return Ministerial Commission	6	-
Subsidies provided	(911)	(306)
Net annual banking amounts	-	-
Cash at 31/12	**3,015**	**15**

For this financial source, € 1,409,000 in subsidies were disbursed and € 3,023,000 in funds were collected during the year.

The Centre-North Initiative - D.L. 69/2013

Law 69/2013 is one of the financial sources related to Development Contracts which contains provisions for economic growth. At 31.12.2020, 13 Development Contracts were admitted for use of subsidies.

	2020	2019
Revolving Fund Development Contracts (DM 24/09/10)		
Cash at 01/01	**36,320**	**32,127**
Funds cashed		
Subsidies provided	(3,360)	(5,977)
Repayments from beneficiaries	12,261	10,164
Sums to return Ministerial Commission	13	-
Net annual banking amounts	14	6
Cash at 31/12	**45,248**	**36,320**

For this financial source, during the year, € 3,360,000 in subsidies were disbursed. With regards to operating grants for Lazio, Abruzzo and Piedmont, which in the past year were an integral part of this financial source, these were reclassified to another schedule titled “Region DC”.

ACP - Action and Cohesion Plan

The Action and Cohesion Plan aims to:

- Accelerate implementation of the 2007-2013 plans;
- Strengthen the effectiveness of interventions by orienting them towards measurable results and focusing resources;
- Start new actions, some being prototypes, which, according to the results, will be incorporated into the 2014-2020 plans. 8 Development Contracts were given access to the subsidies and around € 89 million was disbursed.

	2020	2019
Revolving Fund Development Contracts (MD 24/09/10)		
Cash at 01/01	**1,260**	**2,112**
Cash advances, other measures	-	-
Subsidies provided	(26)	(1,684)
Repayments from beneficiaries	452	832
Net annual banking amounts	-	-
Cash at 31/12	**1,686**	**1,260**
Development contracts for plant (MD 24/09/10)		
Cash at 01/01	**2,110**	**3,811**
Return of cash advance	5,000	-
Cash advances, other measures	363	6,000
Subsidies provided	(2,477)	(7,826)
Net annual banking amounts	1	-
Payables due to Ministerial Commission	43	125
Cash at 31/12	**5,040**	**2,110**

For this financial source, during the year, € 2,503,000 in subsidies were disbursed.

During the year, € 363,000 was collected from another financial source and sums totalling € 5 million were returned to another financial source.

ACP for Campania

The Action and Cohesion Plan of the Campania Region has been set up to provide incentives in support of productive investments oriented towards innovation and competitive improvement in the manufacturing and electricity production sectors as well as other specific services. The goal is the conversion of economically distressed areas through the innovation, integration and management of companies, the enhancement of disused or underused facilities and the creation of new jobs. Of the 15 requests presented, on 4 were granted access to the subsidies, which exhausted the financial resources available. At 31.12.2020, disbursements had been made for over € 31 million.

	2020	2019
Revolving Fund Development Contracts (MD 24/09/10)		

Cash at 01/01	**1,714**	**3,579**
Subsidies provided	(1,171)	(2,149)
Repayments from beneficiaries	768	298
Adjustment of 2017-2018 returned funds transferred to another measure	-	(14)
Cash at 31/12	**1,311**	**1,714**
Development contracts for plant (MD 24/09/10)		
Cash at 01/01	**4,984**	765
Transfer of funds from other measures		9,064
Subsidies provided	(4,339)	(4,869)
Payables to tax authorities	(24)	24
Sums to return Ministerial Commission	29	-
Net annual banking amounts	-	-
Cash at 31/12	**650**	**4,984**
Region of Campania		
Cash at 01/01	**10,320**	**10,693**
Funds cashed	20,000	5,000
Restitution of funds to other measures	(5,000)	-
Subsidies provided	(10,847)	(5,372)
Net annual banking amounts	-	(1)
Cash at 31/12	**14,473**	**10,320**

For this financial source, during the year, € 16,357,000 in subsidies were disbursed.

Also during the year, € 5,000 was returned to another financial source and € 20 million was collected from the Ministry.

Law 147/2013 - 2014 Stability Law

This subsidy is intended to finance projects to increase the safety of the area, to reclaim locations of national interest and other projects involving environmental policy. Relative to this financial source, only 1 development contract was approved, but the financial source was used to cover subsidised loans relative to other DC measures.

	2020	2019
Revolving fund for development contracts (Law 147/2013)		
Cash at 01/01	**4,187**	**20,668**
Transfer of amounts to other measures	-	(10,000)
Transfer of amounts from other measures	5,000	-
Subsidies provided	(3,746)	(7,734)
Repayments from beneficiaries	959	1,248
Net annual banking amounts	2	6
Payables due to other measures	-	(1)
Cash at 31/12	**6,402**	**4,187**

For this financial source, during the year, € 3,746,000 in subsidies were disbursed.

The Termini Imerese Programme Agreement

This is the Programme agreement regulating the retraining and upgrading of the Termini Imerese industrial site.

	2020	2019
Revolving Fund Development Contracts (MD 19/12/14)		
Cash at 01/01	**79**	**79**
Net annual banking amounts	-	-
Cash at 31/12	**79**	**79**
Development contracts for plant (MD 24/09/10)		
Cash at 01/01	**2,140**	**804**
Amounts returned from beneficiaries due to revocation	-	1,336
Net annual banking amounts	-	-
Cash at 31/12	**2,140**	**2,140**

For this financial source, no subsidies were disbursed in 2020.

2014-2020 Development and Cohesion Fund (DCF)

The Fund for development and cohesion (DCF) is the main financial tool through which development policies are being implemented in economic, social and territorial cohesion endeavours and the removal of economic and social imbalances, in order to implement the provisions of the Italian Constitution and the European Union Treaty.

At 31.12.2020, 25 Development Contracts were given access to the subsidies and around € 36 million was disbursed.

The table below lists the liabilities to third parties related to development and cohesion fund contracts for 2014-2020:

	2020	**2019**
Revolving Fund Development Contracts (MD 24/09/10)		
Cash at 01/01	**63,171**	**115,743**
Funds cashed	29,500	-
Reclassification of disbursements previous years	3,705	(3,300)
Transfer of amounts from other measures	-	3,000
Transfer of amounts collected from other measures	-	8
Transfer of amounts to other measures	(3,000)	(20,000)
Subsidies provided	(11,480)	(32,766)
Repayments from beneficiaries	4,574	475
Amounts	(37)	-
Payables due to other measures	5	-
Net annual banking amounts	18	11
Cash at 31/12	**86,456**	**63,171**
Development contracts for plant (MD 24/09/10)		
Cash at 01/01	**19,503**	**17,788**
Funds cashed	79,560	44,100
Transfer of funds from other measures	5,000	-
Transfer of funds to other measures	(21,410)	(3,000)
Subsidies provided	(47,773)	(37,371)
Reclassification of disbursements previous years	2,600	(2,040)
Sundry payables	12	27
Net annual banking amounts	-	(1)
Cash at 31/12	**37,492**	**19,503**

For this financial source, during the year, € 59,253 thousand in subsidies were disbursed.
During the year, € 109,060,000 was collected from the Ministry and € 24,410,000 was transferred to other financial sources. Additionally, funds totalling € 5 million were transferred from another financial source.

Axis I Innovation E&C NOP DC

These development contracts are aimed at sustaining initiatives charged to the E&C NOP for the management and implementation of the following projects:

- "Intelligent energy distribution networks (smart grids) and work on closely related transmission networks aimed at directly increasing the distribution of energy produced from renewable sources, introduction of equipment incorporating digital communications systems, smart metering, control and monitoring for cities and peri-urban areas";

At 31.12.2020, 8 Development Contracts were signed and subsidies were granted for a total of € 54 million.
Commitments to third parties are shown in the following tables:

	2020	2019
Development Contracts Revolving Fund		
Cash at 01/01	**5,350**	**7,181**
Funds cashed	20,946	
Subsidies provided	(14,341)	(5,065)
Reclassification of disbursements previous years	(3,705)	3300
Reclassification of amounts collected previous years	-	(8)
Repayments from beneficiaries	27	2
Receivables due from other measures	(5)	-
Amounts	(71)	(60)
Cash at 31/12	**8,201**	**5,350**
Development Contracts for plant		
Cash at 01/01	**11,746**	**912**
Funds cashed	30,000	10,000
Transfer of funds from other measures	-	3,000
Reclassification of disbursements previous years	(2,600)	2,040
Subsidies provided	(14,412)	(4,206)
Cash at 31/12	**24,734**	**11,746**

For this financial source, during the year, € 28,753,000 in subsidies were disbursed.
During the year, sums totalling around € 51 million were received from the Ministry.

Axis III SME Competitiveness E&C NOP DC

Through the Development Contract, Invitalia supports large investments in the industry, tourism and environmental protection sectors.
At 31.12.2020, 14 Development Contracts were signed and subsidies were granted for a total of € 98 million. Commitments to third parties are shown in the following tables:

	2020	2019
Development Contracts Revolving Fund		
Cash at 01/01	**45,783**	**34,096**
Funds cashed	-	30,811
Transfer of funds to other measures	-	(1,680)
Subsidies provided	(11,324)	(17,840)
Repayments from beneficiaries	1,509	413
Reclassification of disbursements previous years POR Lazio	(720)	-
Reclassification of disbursements previous years other measure	163	-
Receivables due from other measures	-	16
Amounts	(113)	(38)
Net annual banking amounts	15	5
Cash at 31/12	**35,313**	**45,783**
Revolving Fund Por Lazio		
Cash at 01/01	**960**	
Transfer of funds from other measures	-	**1,680**
Subsidies provided	(1,152)	(720)
Repayments from beneficiaries	14	-
Reclassification of disbursements previous years	720	-
Net annual banking amounts	-	-
Cash at 31/12	**542**	**960**
Development Contracts for plant		
Cash at 01/01	**0**	**3,000**
Transfer of funds to other measures	-	(3,000)
Net annual banking amounts	-	-
Cash at 31/12	**0**	**0**

For this financial source, during the year, € 12,476,000 in subsidies were disbursed.

Axis IV E&C NOP DC

This financial source is intended for the deployment of intelligent storage systems serving smart grid distribution networks and renewable energy generating stations" linked to Axis IV "Energy Efficiency".
At 31.12.2020, only one Development Contract had been signed.

	2020	2019
Development Contracts Revolving Fund		
Cash at 01/01	**10,108**	**10,104**
Funds cashed	-	-
Net annual banking amounts	3	4
Cash at 31/12	**10,111**	**10,108**
Development Contracts for plant		
Cash at 01/01	**14,006**	**14,001**
Funds cashed	-	-
Subsidies provided	(9,638)	-
Net annual banking amounts	3	5
Cash at 31/12	**4,371**	**14,006**

For this financial source, € 9,638,000 in subsidies were disbursed during the year.

2014-2020 COP - "Enterprises and Competitiveness"

The financial resources for the COP, equal to € 355,000, are intended for the financing of two lines of intervention in the most disadvantaged areas of the country. One line relates to the attraction of investments capable of ensuring a regional impact on SMEs (60% of the budget). The other (40% of the financial allocation) covers significant investments linked to the expansion of production capacity in companies of any size.
At 31.12.2020, 10 Development Contracts were signed and subsidies were granted for a total of around € 35 million.

Commitments to third parties are shown in the following tables:

	2020	2019
Development Contracts Revolving Fund		
Cash at 01/01	**8,548**	**6,764**
Funds cashed	10,000	-
Transfer of funds from other measures	-	5,000
Transfer of funds to other measures	(5,000)	-
Reclassification of disbursements previous years	(163)	1,758
Subsidies provided	(7,058)	(4,981)
Repayments from beneficiaries	43	7
Payables due to other measures	11	-
Cash at 31/12	**6,381**	**8,548**
Development Contracts for plant		
Cash at 01/01	**7,037**	**8,487**
Funds cashed	20,000	-
Reclassification of disbursements previous years	(2,922)	2,952
Subsidies provided	(8,512)	(4,402)
Sums to return Ministerial Commission	4	-
Net annual banking amounts	-	-
Cash at 31/12	**15,607**	**7,037**

For this financial source, € 15,570,000 in subsidies were disbursed during the year and € 30 million was collected. Additionally, € 5 million was transferred to another financial source.

COP - 2014-2020 Action and Cohesion Programme - "Businesses and Competitiveness" Axis III

Commitments to third parties are shown in the following tables:

	2020	2019
Development Contracts for plant		
Cash at 01/01	**5,438**	**14,100**
Funds cashed	10,000	-
Transfer of funds from other measures	17,000	15,000
Reclassification of disbursements previous years	2,922	(12,017)
Subsidies provided	(27,465)	(11,645)
Net annual banking amounts	-	-
Cash at 31/12	**7,895**	**5,438**

For this financial source, no disbursements occurred during the year. Around € 27,465,000 was transferred and funds totalling € 17 million were collected from another source, as well as € 10 million from the Ministry.

Sustainable Growth Fund DC

This measure is intended to finance industrial investment and environmental protection projects in the regions of the centre/north.
At 31.12.2020, disbursements had been made for around € 17 million.

	2020	2019
Development Contracts Revolving Fund		
Cash at 01/01	**845**	**1,410**
Funds cashed	20,000	-
Transfer of funds from other measures	-	2,500
Subsidies provided	-	(3,092)
Repayments from beneficiaries	65	26
Net annual banking amounts	3	1
Cash at 31/12	**20,913**	**845**
Development Contracts for plant		
Cash at 01/01	**2,308**	5,001
Funds cashed	10,000	-
Transfer of funds to other measures	-	(2,500)
Subsidies provided	(5,374)	(194)
Net annual banking amounts	1	1
Cash at 31/12	**6,935**	**2,308**

For this financial source, € 5,374,000 in subsidies were disbursed and € 30 million in funds were collected from the Ministry during the year.

MD 9 MARCH 2018 - Innovative Investments E&C NOP Axis III 2014-2020

This measure serves to support innovative investment programmes with the aim of improving efficiency and/or flexibility for economic activity, to support the manufacturing sector in transitioning to the "Intelligent Factory" model.

	2020	2019
Development Contracts E&C NOP Axis III - Revolving Fund		
Cash at 01/01	**40,207**	42,299
Funds cashed	42,299	-
Receivables due from other measures	734	(734)
Subsidies provided	(47,610)	(1,358)
Repayments from beneficiaries	38	-
Net annual banking amounts	-	-
Cash at 31/12	**35,668**	**40,207**
Development Contracts E&C NOP Axis III - operating grant		
Cash at 01/01	**55,000**	-
Funds cashed	-	55,000
Payables due to other measures	(734)	734
Subsidies provided	(33,505)	(734)
Net annual banking amounts	-	-
Cash at 31/12	**20,761**	**55,000**

For this financial source, € 81,115,000 in subsidies were disbursed and € 42 million in funds were collected during the year.

MD 9 MARCH 2018 - Innovative Investments E&C NOP Axis IV 2014-2020

	2020	2019
Development Contracts E&C NOP Axis IV - Revolving Fund		
Cash at 01/01	**7,787**	**7,787**
Restitution of funds to MED	(6,879)	-
Subsidies provided	(660)	-
Net annual banking amounts	-	-
Cash at 31/12	**248**	**7,787**
Development Contracts E&C NOP Axis IV - operating grant		
Cash at 01/01	**700**	-
Funds cashed	-	700
Subsidies provided	(578)	-
Net annual banking amounts	-	-
Cash at 31/12	**122**	**700**

For this financial source, € 1,238,000 in subsidies were disbursed during the year.

Region DC

Ministerial Decree 09/05/2017 introduced a procedure known as "Development Agreements", to support the implementation of major strategic projects. The Agreement, signed by the Regions and MED, established a co-financing portion under the responsibility of the latter, making use of the DCF resources for 2014-2020.

	2020	2019
Development contracts for plant in Lazio		
Cash at 01/01	**3,333**	**2,047**
Funds cashed	-	1,600
Subsidies provided	(1,008)	(339)
Sums to return Ministerial Commission	-	25
Net annual banking amounts	-	-
Cash at 31/12	**2,325**	**3,333**
Development contracts for plant in Abruzzo		
Cash at 01/01	**75**	**142**
Funds cashed	-	104
Subsidies provided	-	(210)
Sums to return Ministerial Commission	-	39
Net annual banking amounts	-	-
Cash at 31/12	**75**	**75**
Development contracts for plant in Piedmont		
Cash at 01/01	**480**	**1,255**
Funds cashed	434	280
Subsidies provided	(256)	(1,069)
Sums to return Ministerial Commission	-	14
Net annual banking amounts	0	-
Cash at 31/12	**658**	**480**
Development contracts for plant in Apulia		
Funds cashed	4,544	-
Subsidies provided	(1,468)	-
Net annual banking amounts	-	-
Cash at 31/12	**3,076**	
Development contracts for plant in Sicily		
Transfer of funds from other measures	3,500	-
Subsidies provided	(3,359)	-
Net annual banking amounts	-	-
Cash at 31/12	**141**	
Development contracts for plant in Umbria		-
Collection of MED funds	539	-
Net annual banking amounts	-	-
Cash at 31/12	**539**	
Development contracts for plant in Autonomous Province of Bolzano		
Funds cashed	700	-
Subsidies provided	(489)	-
Net annual banking amounts	-	-
Sundry payables	-	-
Cash at 31/12	**211**	-
Development contracts for plant in Basilicata		
Funds cashed	**549**	-
Net annual banking amounts	-	-
Cash at 31/12	**549**	-

Relative to this financial source, subsidies totalling € 6,580,000 were disbursed, with funds of approximately € 6,766 thousand received from MED and funds totalling € 3.5 million received form another measure.

National Resources DC

Funds which can be used to carry out investments come from special account 1726 "Depressed Areas Projects", in the context of resources intended for unused programme contracts.

	2020	2019
Development Contracts for plant		
Transfer of funds from other measures	4,000	-
Subsidies provided	(2,932)	-
Net annual banking amounts	-	-
Cash at 31/12	**1,068**	**0**

For this financial source, € 2,932,000 in subsidies were disbursed and around € 4 million in funds were collected from MED during the year.

SULCIS DC

In 2015, the Sulcis Plan was begun with the aim of relaunching the economic system and taking advantage of the potential of this area.

	2020	2019
Development Contracts for plant		
Funds cashed	14,840	-
Subsidies provided	-	-
Net annual banking amounts	-	-
Cash at 31/12	**14,840**	**0**

For this financial source, funds totalling € 14,840,000 were collected from the MED during the year.

<u>Other Measures</u>

"Renewable Energies and Energy Saving" IOP ERDF 2007-2013

The Ministry has issued a number of implementing decrees in the context of this operational programme, as highlighted below:

- On 6 August 2010, the Italian Ministry of Economic Development (MED) issued three decrees implementing the provisions of the Ministerial Decree of 23 July 2009, with an original allocation of € 500 million, later reduced to € 495 million.

- The Italian Ministry of Economic Development, with the Decree of 5 December 2013 (Energy Efficiency MD), promoted the implementation of investment programmes aimed at reducing and rationalising the use of primary energy in the processing and/or supply cycles of services carried out within an already existing production unit, benefiting companies located in the Convergence Goal regions (Calabria, Campania, Apulia and Sicily).

Activity line 1.2/2.1 - Initiatives supporting the development of research-related entrepreneurship and the application of innovative technologies in the field of renewable energy

The goal of the programme is to fund investment projects related to the production of capital goods in turn required for the development of renewable energy sources and energy saving solutions.

In this regard, two Rolling Funds were activated for project lines 1.2 and 2.1, managed with separate capital and accounting.

	2020	2019
Revolving fund for subsidised loans line 1.2		
Cash at 01/01	**76,433**	**72,526**
Subsidies provided:		
EE IOP 1.2 MD 06/08/10	-	-
IOP 1.2 MD 05/12/13 Energy Efficiency	-	-
EE IOP 1.2 MD 24/04/2015 New Energy Efficiency	-	-
Repayments from beneficiaries:		
EE IOP 1.2 MD 06/08/10	121	665
IOP 1.2 MD 05/12/13 Energy Efficiency	1,745	2,356
EE IOP 1.2 MD 24/04/2015 New Energy Efficiency	760	873
Net annual banking amounts	4	3
Other		
Payables due to other measures	(12)	12
Receivables due from other measures	(11)	
Payment to suppliers, energy efficiency		(2)
Cash at 31/12	**79,040**	**76,433**
Revolving fund for subsidised loans line 2.1		
Cash at 01/01	**47,358**	**45,195**
Subsidies provided:		
EE IOP 2.1 MD 24/04/2015 New Energy Efficiency	(76)	-
Repayments from beneficiaries:		
EE IOP 2.1 MD 06/08/10	411	464
IOP 2.1 MD 05/12/13 Energy Efficiency	584	773
New Energy Efficiency 2.1	706	937
Net annual banking amounts	2	2
Other		
Receivables due from other measures	13	(13)
Cash at 31/12	**48,998**	**47,358**

For this financial source, no subsidies were disbursed during the year.

	2020	2019
Grants for plant (MD 06/08/10) line 1.2		
Cash at 01/01	**2**	**2**
Subsidies provided	-	-
Net annual banking amounts	-	-
Cash at 31/12	**2**	**2**
Grants for plant (MD 06/08/10) line 2.1		
Cash at 01/01	**180**	**180**
Funds cashed		
Subsidies provided	-	-
Net annual banking amounts	(1)	-
Cash at 31/12	**179**	**180**
Grant for plant (MD 06/08/10)	**181**	**182**

For this financial source, no subsidies were disbursed during the year.

Project line 1.1 - initiatives for the activation of biomass production chains driven by goals comprising energy efficiency, environmental compatibility and spatial development (the Biomass Call)

The Agency is the Managing Body of the Biomass Initiative, promoted pursuant to Italian Ministerial Decree of 13 December 2011, whose purpose is to finance investment programmes for activating, strengthening and supporting biomass supply chains in the regions of Campania, Apulia, Calabria and Sicily.

	2020	2019
Revolving fund for subsidised loans (MD 13/12/11)		
Cash at 01/01	**10,895**	**10,445**
Subsidies provided	-	-
Repayments from beneficiaries	357	505
Fund release	-	-
Amounts	-	-
Sundry receivables	-	(55)
Net annual banking amounts	-	-
Cash at 31/12	**11,252**	**10,895**
Grant for plant (MD 13/12/11)		
Cash at 01/01	**42**	**43**
Subsidies provided	-	(76)
Fund release	-	-
Sundry payables	-	76

Net annual banking amounts	-	(1)
Cash at 31/12	**42**	**42**

For this financial source, no subsidies were disbursed during the year.

Instruments for creation of new enterprises and jobs
Smart&Start (MD 06/03/2013)

The programme includes 2 types of initiatives:

- aid for newly created small businesses (SMART);
- support for investment programmes carried out by new digital and/or technological content companies (START).

	2020	**2019**
Smart - Contr. Operating Expenses - Title II (MD 06/03/2013)		
Cash at 01/01	**3,645**	**4,348**
Funds cashed		
Transfer of funds	-	-
Subsidies provided	-	(492)
Net annual banking amounts	(1)	(1)
Payables to other financial source	-	(210)
Cash at 31/12	**3,644**	**3,645**
Start-Operating grant, Title III (MD 06/03/2013)		
Cash at 01/01	**4,689**	**4,689**
Funds cashed		
Subsidies provided	(91)	-
Net annual banking amounts	-	-
Sundry amounts collected		
Cash at 31/12	**4,598**	**4,689**
Smart & Start Abruzzo (MD 06/03/2013)		
Cash at 01/01	**1,171**	**1,171**
Net annual banking amounts	-	-
Cash at 31/12	**1,171**	**1,171**

For this financial source, € 91,000 in subsidies were disbursed during the year.

Smart & Start Italia

Smart & Start Italia benefits are reserved for innovative start-ups located throughout the country, whose business idea must include innovative technological features or envisages the development of products, services or solutions in the realm of the digital economy, or economically enhances the results of the research system.

With Relaunch Decree, no. 34 of 19/05/2020, € 100 million was allocated to refinance subsidies granted in the form of subsidised financing.

	2020	2019
Revolving Fund (MD 24/09/14)		
Grants for plant and operations (MD 24/09/14)		
Cash at 01/01	**17,474**	**13,152**
Funds cashed	9,635	11,804
Transfer to other financial source	(286)	(2,401)
Disbursements paid out for financing	(2,976)	(5,775)
Transfer from 2017 fund disbursements		216
Reclassification of fund disbursements previous years	410	250
Subsidy grants paid out	(160)	(466)
Reclassification of fund disbursements previous years	4	-
Transfer from other financial source		54
Repayments from financing beneficiaries	1,020	867
Payable to other financial source		-
Receivable from other financial sources	227	(227)
Disbursements in transit	94	
Net annual banking amounts	(1)	
Cash at 31/12	**25,441**	**17,474**
	2020	**2019**
2017 State budget		
Cash at 01/01	**338**	**39**
Funds cashed	28,513	7,486
Receivable from other financial sources	-	500
Restitution of funds to another measure	(1,240)	-
Payables to other financial source	58	1,211
Subsidies provided:		
Financing	(10,057)	(8,402)
Reclassification of disbursements previous years for financing	(356)	-
Contributions	(270)	(500)
Reclassification of disbursements previous years grant	(89)	-
Repayment of capital portion	219	-
Payables to tax authorities for RA previous years	(4)	4
Payables to tax authorities for RA	1	-
Net annual banking amounts	(1)	-
Cash at 31/12	**17,112**	**338**
	2020	**2019**
2014/2020 NOP		
Cash at 01/01	**9,969**	**7,951**
Funds cashed	2,725	5,500
Net annual banking amounts	(1)	(1)
Subsidies provided		
Financing	(2,254)	(2,966)
Contributions	(592)	(742)
transfer to other financial source		-
Repayment of capital portion:		
Financing	43	-
Contributions		-
Receivable from other financial sources		-
Payables to other financial source		227
Cash at 31/12	**9,890**	**9,969**

For these financial sources, € 16,309,000 in subsidies were disbursed and € 40,873,000 in funds were collected during the year.

New interest-free companies

This measure is aimed at supporting entrepreneurship through the creation of micro and small enterprises. Article 29 of Decree Law 34 of 30/04/2019, known as the "Growth Decree", partially redefined the regulations, extending the range of beneficiary subjects and amending the eligibility conditions for financing.

	2020	2019
Revolving Provision for 'Single Fund' subsidised loans		
Cash at 01/01	**9,624**	**10,277**
Funds cashed	-	-
Subsidies provided	(373)	(789)
Repayments from beneficiaries	147	136
Net annual banking amounts	-	-
Cash at 31/12	**9,398**	**9,624**
2017 State budget		
Cash at 01/01	**11,666**	**15,199**
Liquidity c/o Treasury		30,321
Subsidies provided	(1,908)	(3,596)
Repayments from beneficiaries	110	64
Net annual banking amounts	-	-
Cash at 31/12	**9,868**	**41,988**
Non-remunerated liquidity LED NOP 2000/2006		
Cash at 01/01	**1,736**	**196**
Liquidity c/o Treasury		19,655
Transfers to Treasury current account	-	(2,339)
Collection of funds	-	2,339
Subsidies provided	(490)	(718)
Repayments from beneficiaries	8	7
Receivables from Pac Campania	-	(88)
Net annual banking amounts	-	-
Cash at 31/12	**1,254**	**19,052**
ACP for Campania		
Cash at 01/01	**11**	-
Transfer of funds from other measures	-	88
Subsidies provided	-	(87)
Repayment of capital portion	11	11
Net annual banking amounts	-	(1)

Cash at 31/12	**22**	**11**
Liquidity c/o Treasury 01/01	**44,174**	
Collection of fees	(5,822)	(3,464)
Liquidity at 31/12 c/o Treasury	**38,352**	
Total liquidity 31/12	**58,894**	**67,211**

For this financial source, € 2,771,000 in subsidies were disbursed during the year.

SELFIEmployment

SELFIEmployment funds with interest-free loans small business initiatives, promoted by young NEET. The Fund is managed by Invitalia under the Guarantee for Youth Programme, under the supervision of the Italian Ministry of Labour. In July 2020, following an amendment in the Operating Programmes, the Agreement with the Ministry was revised, enlarging the range of possible Fund beneficiaries.

	2020	2019
Revolving fund for subsidised loans		
Cash at 01/01	**6,116**	**998**
Funds cashed	11,823	11,823
Repayments from beneficiaries	557	1,140
Subsidies provided	(5,474)	(7,810)
Sundry payables	2	-
Net annual banking amounts	(12)	(35)
Cash at 31/12	**13,012**	**6,116**

For this financial source, subsidies totalling € 5,474,000 were disbursed and funds of around € 11,823,000 were collected.

<u>Interventions to support sectors</u>

Cultura Crea [Culture Creates] Programme (MIBACT Decree 11/05/2016)

This programme is for the creation and development of business initiatives in the cultural and tourism sectors and provides support to non-profit ventures aimed at enhancing cultural resources in the Basilicata, Calabria, Campania, Apulia and Sicily regions.

AZ 3.A.1.A New Businesses NOP

	2020	2019
Revolving fund		
Cash at 01/01	**3,688**	**6,619**
Funds cashed	8,611	-
Subsidies provided	(1,875)	(2,987)
Repayments from beneficiaries	93	138
Receivables due from other measures	82	(82)
Collection of fees	(47)	-
Net annual banking amounts	-	-
Cash at 31/12	**10,552**	**3,688**
Operating grant		
Cash at 01/01	**1,763**	**1,580**
Funds cashed	-	2,750
Subsidies provided	(1,519)	(2,648)
Payables due to other measures	(82)	82
Amounts returned from beneficiaries due to revocation	12	-
Net annual banking amounts	(2)	(1)
Cash at 31/12	**172**	**1,763**

AZ 3.B.1.A NOP Cons. SME

	2020	2019
Revolving fund		
Cash at 01/01	**3,403**	**4,006**
Funds cashed	3,691	-
Funds returned	-	-
Subsidies provided	(886)	(604)
Net annual banking amounts		0
Repayments from beneficiaries	39	1
Net annual banking amounts	-	-
Cash at 31/12	**6,246**	**3,403**
Operating grant		
Cash at 01/01	**682**	**633**
Funds cashed	-	250
Subsidies provided	(195)	(200)
Net annual banking amounts		(1)
Net annual banking amounts	-	-
Cash at 31/12	**487**	**682**

AZ 3.C.1.A NOP Tertiary Sector

	2020	2019
Operating grant		
Cash at 01/01	**1,438**	**1,259**
Funds cashed	-	1,500
Subsidies provided	(1,062)	(1,319)
Net annual banking amounts		(1)
Net annual banking amounts	-	(1)
Cash at 31/12	**376**	**1,438**

For this financial source, € 5,538,000 in subsidies were disbursed and around € 12,302,000 in funds were collected from the Ministry during the year.

CRASI L'Aquila MD 14/10/2015

This initiative promotes economic recovery and job creation in the Abruzzo area hit by the 2009 earthquake and is broken down into Measure I and Measure II. Measure I supports the creation of new businesses or the rehabilitation of existing ones, and Measure II provides funding for the promotion of territorial excellence with initiatives to increase visibility.
Commitments to third parties are shown in the following tables:

	2020	2019
Measure I, operating grant		
Cash at 01/01	**3,084**	**334**
Funds cashed	-	4,500
Transfer of amounts from other measures	-	650
Subsidies provided	(584)	(2,153)
Capital amounts returned due to revocation	23	-
Payables to tax authorities	(1)	1
Net annual banking amounts	-	-
New Crasi		
Subsidies provided	(796)	(248)
Cash at 31/12	**1,726**	**3,084**
Measure II oper. grant		
Cash at 01/01	**626**	**99**
Funds cashed	-	1,000
Transfer of amounts from other measures	-	250
Subsidies provided	(199)	(725)
Receivables from clients	-	1
Capital amounts returned due to revocation	18	-
Other amounts collected	11	-
Payables to tax authorities	(1)	1
Net annual banking amounts	-	-
Cash at 31/12	**455**	**626**
Total liquidity 31/12	**2,181**	**3,710**

For this financial source, € 1,579,000 in subsidies were disbursed during the year.

Murgia MD 18/10/2013

The Agency is the Managing Body for the MD Murgia Call for Proposals, promoted pursuant to Ministerial Decree of 13 October 2013, whose purpose is the reconversion and reindustrialisation of the Murgia territory affected by the crisis in the upholstered furniture sector. During 2018-2020 no disbursements occurred as the companies were experiencing difficulties in beginning the investments.

	2020	2019
Operating grant		
Cash at 01/01	**4,060**	**5,069**
Transfer of funds, other measures	(550)	-
Amounts	-	(1,009)
Net annual banking amounts	-	-
Cash at 31/12	**3,510**	**4,060**

For this financial source, no subsidies were disbursed during the year.

MD CAMPANIA 13/02/2014

The Agency is the Managing Body of the MD Campania Call for Proposals, promoted pursuant to Italian Ministerial Decree of 13 February 2014, whose purpose is the industrial relaunch and/or the redevelopment of the production system of the Municipalities in areas affected by industrial crisis in Campania.

	2020	2019
Revolving fund		
Cash at 01/01	**4,810**	**6,931**
Financial rebalancing from operating grant	-	58
Subsidies provided	(429)	(2,347)
Capital returned	600	168
Net annual banking amounts	1	-
Cash at 31/12	**4,982**	**4,810**
Grant for plant		
Cash at 01/01	**3,921**	**6,672**
Financial rebalancing to Revolving Fund	-	(59)
Subsidies provided	(856)	(2,692)
Net annual banking amounts	-	-
Cash at 31/12	**3,065**	**3,921**

For this financial source, € 1,285,000 in subsidies were disbursed during the year.

New Law 181

With the Decree of 09/06/2015, the MED set forth the conditions and arrangements for the actions required to implement a new aid provision system. The contexts to be addressed by the initiative are:
- Areas of complex industrial crises, in which in 2020 the new aid regime was extended to 2 new areas of crisis; during the year only 1 request was presented;
- Areas of non-complex industrial crises, with 3 requests presented during the year, all of which are currently being assessed;
- Other areas, for which 2 requests were presented, both suspended due to a lack of financial resources.
Commitments to third parties are shown in the following tables:

	2020	2019
Rieti PA		
Cash at 01/01	-	**7,220**
Transfer of funds to other measures	-	(7,220)
Net annual banking amounts	-	-
Cash at 31/12	**0**	**0**
		-
PA Piombino		
Cash at 01/01	-	**1,171**
Transfer of funds to other measures	-	(1,171)
Net annual banking amounts	-	-
Cash at 31/12	**0**	**0**
		-
Growth Fund, Revolving fund		
Cash at 01/01	**6,452**	**9,195**
Funds cashed	15,200	3,336
Transfer of funds to other measures	690	-
Subsidies provided	(16,036)	(6,084)
Capital returned	123	1
Payables due to other measures	(4)	4
Cash at 31/12	**6,425**	**6,452**
NOP E&C Axis III, Revolving fund		
Cash at 01/01	**13,116**	**15,735**
Subsidies provided	(3,715)	(2,629)
Capital returned	65	14
Receivables due from other measures	4	(4)
Cash at 31/12	**9,470**	**13,116**
POR FESR 2014-2020 Campania Revolving Fund		
Cash at 01/01	**6,750**	**6,750**
Funds cashed	-	-
Subsidies provided	(3,474)	-
Capital returned	10	-
Net annual banking amounts	-	-
Cash at 31/12	**3,286**	**6,750**
former Merloni area		
Cash at 01/01	-	**6,468**
Funds cashed	-	-
Transfer of funds to other measures	-	(6,468)
Subsidies provided	-	-
Net annual banking amounts	-	-
Cash at 31/12	**0**	**0**
POR FESR 2014-2020 Basilicata Revolving Fund		
Cash at 01/01	**506**	**506**
Funds cashed	-	-
Net annual banking amounts	-	-
Cash at 31/12	**506**	**506**
FSC Campania Revolving Fund		
Cash at 01/01	**842**	-
Funds cashed	510	842
Subsidies provided	(1,324)	-
Capital returned	1	-
Net annual banking amounts	-	-
Cash at 31/12	**29**	**842**
Single Fund, revolving fund		
Cash at 01/01	**4,331**	-
Funds cashed	-	1,406
Transfer of funds from other measures	-	5,594
Subsidies provided	(1,797)	(2,670)
Capital returned	133	-
Net annual banking amounts	1	1
Cash at 31/12	**2,668**	**4,331**
Law 80/05 Revolving Fund		
Cash at 01/01	**447**	-
Funds cashed	7,400	-
Transfer of funds, other measures	-	5,117
Transfer of funds from other measures	40	1,000
Subsidies provided	(6,647)	(5,678)
Capital returned	415	8
Net annual banking amounts	-	-
Cash at 31/12	**1,655**	**447**
FSC Calabria Revolving Fund		
Funds cashed	685	-
Subsidies provided	(351)	-
Capital returned	-	-
Net annual banking amounts	-	-
Cash at 31/12	**334**	**0**
Growth fund, operating grant		
Cash at 01/01	**3,524**	**3,940**
Funds cashed	4,800	1,283
Transfer of funds to other measures	(690)	-
Subsidies provided	(4,112)	(1,746)
Payables to tax authorities	(47)	47
Net annual banking amounts	-	-
Cash at 31/12	**3,475**	**3,524**
NOP E&C Axis III, operating grant		
Cash at 01/01	**2,461**	**1,323**
Funds cashed	466	2,400
Subsidies provided	(1,778)	(1,263)
Payables to tax authorities	(1)	1
Net annual banking amounts	-	-
Cash at 31/12	**1,148**	**2,461**
FESR operating grant		
Cash at 01/01	**600**	
Funds cashed	1,100	**600**
Subsidies provided	(1,562)	-
Net annual banking amounts	-	-
Cash at 31/12	**138**	**600**
Law 80/05 operating grant		
Cash at 01/01	**294**	-
Funds cashed	2,000	-
Transfer of funds from other measures	-	2,193
Transfer of funds to other measures	(40)	(1,000)
Subsidies provided	(1,550)	(899)
Net annual banking amounts	(1)	-
Cash at 31/12	**703**	**294**
Single Fund, operating grant		
Cash at 01/01	**2,377**	-
Funds cashed	-	527
Transfer of funds from other measures	-	2,797
Subsidies provided	(541)	(948)
Net annual banking amounts	(1)	1
Cash at 31/12	**1,835**	**2,377**
FSC Campania Contribution		
Funds cashed	620	-
Subsidies provided	(548)	-
Net annual banking amounts	-	-
Cash at 31/12	**72**	**0**
FSC Calabria Contribution		
Funds cashed	333	-
Subsidies provided	(160)	-
Net annual banking amounts	-	-
Cash at 31/12	**173**	**0**

For this financial source, € 36,647,000 in subsidies were disbursed and € 33,114,000 in funds were collected during the year.

Resto al sud [Remain in the South]

With Decree Law No. 91 of 20 June 2017, the Remain in the South Measure was established, with the goal of creating incentives to develop new businesses in southern Italy, with beneficiaries having no more than 45 years, and necessarily having registered offices in the following regions: Abruzzo, Basilicata, Calabria, Molise, Apulia, Sardinia or Sicily. The Measure finances the purchase of machinery, plant, equipment and IT systems, as well as remodelling and restructuring of the main offices.
Following the publication in the Official Journal of Italian Decree Law 123 of 24 October 2019, containing "Urgent provisions to accelerate and complete reconstruction in progress in areas affected by earthquakes", the Measure was also extended to municipalities within the seismic crater in the regions of Lazio, Marche and Umbria. Law 178 of 31 December 2020 further increased the age limit for potential beneficiaries of the measure, bringing it to 55 years, exclusive of those residing in the municipalities within the seismic crater, for which the limit is the age of majority.

	2020	2019
Central Treasury		
Cash at 01/01	**33,600**	**8,938**
Funds cashed	48,850	46,400
Transfers to current account	(39,800)	(21,738)
Collection of fees	(6,158)	-
Cash at 31/12	**36,492**	**33,600**
Operating Grant		
Cash at 01/01	**5,080**	**1,569**
Transfers to Treasury current account	36,000	19,338
Subsidies provided	(37,445)	(15,876)
Amounts collected for revocation	78	10
Payables to tax authorities 2018	-	(8)
Payables to tax authorities	(31)	31
Payables to social security institutions	(9)	13
Payables to interest rate subsidy	(2)	2
Receivables from interest rate subsidy	(7)	-
Bank fees	-	1
Cash at 31/12	**3,664**	**5,080**
Interest Rate Subsidy		
Cash at 01/01	**709**	**50**
Transfers to Treasury current account	3,800	2,400
Subsidies provided	(3,664)	(1,749)
Amounts collected for revocation	15	3
Net annual banking amounts	(2)	(1)
Disbursements in transit	(4)	8
Receivable from operating grants	2	(2)
Payables to operating grants	7	-

Cash at 31/12	**863**	**709**

For this financial source, € 41,109,000 in subsidies were disbursed and € 39,800,000 in funds were collected during the year.

Internationalisation voucher

On 29 September 2017, an Agreement was signed with the MED with the aim of using grants in the form of vouchers to support SMEs intending to market their goods outside of Italy, through a specialist able to analyse, design and manage these processes.

	2020	**2019**
Cash at 01/01	**2,426**	**8,081**
Funds cashed	1,267	18,641
Subsidies provided	(2,064)	(24,402)
Payables to tax authorities	4	66
Payables to tax authorities, previous years	(66)	-
Disbursements in transition	30	40
Disbursements in transition, previous years	(40)	-
Net annual banking amounts	-	-
Cash at 31/12	**1,557**	**2,426**

For this financial source, € 2,064,000 in subsidies were disbursed and € 1,267,000 in funds were collected during the year.

Innovative Investments Voucher

During the year, an Agreement was signed with the MED in order use grants in the form of vouchers to support SMEs intending to acquire specialised consulting for technological and digital transformation processes.

	2020	**2019**
Cash at 01/01	**25,000**	
Funds cashed	25,000	**25,000**
Subsidies provided	(11,270)	-
Payables to tax authorities	117	-
Net annual banking amounts	13	-
Cash at 31/12	**38,860**	**25,000**

For this financial source, € 11,270,000 in subsidies were disbursed and € 25 million in funds were collected from MED during the year.

CuraItalia Decree Law 18 of 17 March 2020 - article 5

This Decree established incentives for companies making investments to increase the availability of medical devices and personal protective equipment, to help limit the OVID-19 epidemiological emergency.

	2020
Funds cashed	**35,850**
Liquidity c/o Treasury	14,150
Disbursements paid out for financing	(34,661)
Disbursements paid out for grants for plants	(490)
Disbursements paid out for operating grants	(98)
Amounts returned from beneficiaries due to revocation	854
Payables to tax authorities	4
Net annual banking amounts	-
Cash at 31/12	**15,609**

For this financial source, € 35,249,000 in subsidies were disbursed and € 35,850,000 in funds were collected during the year.

CuraItalia Decree Law 17 March 2020 - Safe Company Notice article 43

This Notice offered reimbursement for expenses incurred by companies to acquire personal protective equipment.

	2020
Funds cashed	**50,000**
Subsidies provided	(47,089)
Payables to tax authorities	13
Net annual banking amounts	2
Cash at 31/12	**2,926**

For this financial source, € 47,089,000 in subsidies were disbursed and € 50 million in funds were collected during the year.

COP MED 2020 Notification

This is an Agreement through which the Agency is assigned to provide support services for the design and management of a financing measure intended to support the development of the technological level of industrial property rights held by universities and research and other scientific institutions.

	2020	**2019**
Cash at 01/01	**5,300**	-
Funds cashed	-	**5,300**

Net annual banking amounts	2	-
Cash at 31/12	**5,302**	**5,300**

For this financial source, no subsidies were disbursed during the year.

Patents+

This measure is intended to support projects that take advantage of the best patents from public and private research.

	2020	2019
Cash at 01/01	**26,014**	**16,032**
Funds cashed	27,000	12,800
Subsidies provided	(2,777)	(2,852)
Net annual banking amounts	-	-
Amounts collected, revocations and sureties	28	34
Payables to tax authorities	13	-
Cash at 31/12	**50,279**	**26,014**

For this financial source, € 2,777,000 in subsidies were disbursed and € 27 million in funds were collected during the year.

Single fund Article 27 par. 11 Law 488/1999

The table below shows the commitments to third parties regarding the management of facilitation measures pursuant to Italian Legislative Decree No. 185/2000. Title I refers to measures in support of entrepreneurship and Title II addresses initiatives supporting self-employment.

	2020	2019
Cash at 01/01	297,521	274,311
Subsidies to be disbursed	(68,269)	(70,923)
Mortgages	3,061,501	3,112,221

Loans totalling around € 3,749,000 were provided during 2020. These receivables will become true "available resources" only to the extent that such amounts will actually be repaid.

Fertility project

The programme supports the development of entrepreneurial initiatives promoted by non-profit organisations.

	2020	2019
Cash at 01/01	26	222
Subsidies to be disbursed	(1,996)	(1,996)

For the Fertility Project, the total commitment, net of released sums, amounted to € 26,000 at 31.12.2020.

The 'Youth ideas to change Italy' project

The programme aims to enhance the design skills and creativity of young people and addresses Italian citizens between 18 and 35 years of age. It is intended to finance the creation of the best project ideas in 4 areas: technological innovation, social and civic engagement, sustainable development, management of urban and territorial services for the quality of life of young people.

	2020	2019
Cash at 01/01	26	27
Subsidies to be disbursed	(1,163)	(1,163)

Under this project, the total commitment at 31 December 2019 stands at € 27,000.

EU funds

EU funds, the main instrument of the European Union's investment policy, are intended to promote economic growth and the employment policies of the Member States and their regions as well as European territorial cooperation.

	2020	2019
Cash at 01/01	425	425
Payables for Funds Received	(4,156)	(4,156)

These funds do not show changes from the 2009 financial year.

Fondo imprese Sud [Southern Enterprise Fund]

The amount of € 150 million is the initial amount deposited into a special account held by the Agency, opened with the Treasury of the State, to manage the fund established by Law 205/17. The goal is to support the economic/production structure of the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily, to support growth of small and medium enterprises whose registered headquarters and manufacturing activities are located in the above regions.

To manage this fund, the Agency will sign an ad hoc agreement with the Presidency of the Italian Council of Ministers.

MATERA DL 91-2017 art 7 par. 1-BIS

These involve resources transferred to the special account no. 6065 held by the Agency, opened with the Treasury of the State for the project established under Law 208/2015, article 1, paragraph 435 "Matera, European Capital of Culture 2019".

Development Contract Equity Investments

With the Decree of 23 March 2018, the Agency was assigned € 20 million to acquire minority shareholdings in companies already financed through Development Contracts, with the aim of reopening industrial plants of significant size.

"Cresci al Sud" Fund (Grow in the South)

The budget law of 27.12.2019 created a fund known as the "Grow in the South Fund", to support, through capital investments, SME competitiveness and growth with their legal and operating offices located in the following Regions: Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily.
The initial funding was set at € 150 million for 2020, but at 31.12.2020 only € 50 million had been deposited in the Central Treasury account.

National Energy Efficiency Fund

This Fund involves measures aimed at achieving energy savings by financing projects for the same purpose. The fund, which has funds of € 310 million, is aimed at companies and public administrations in the form of subsidised loans. For companies only, also in the form of guarantees granted for individual lending operations.

Company Protection Fund

The Fund is intended to help restructure companies holding historic brands of national interest, with at least 250 employees, suffering economic and financial difficulties, or companies which, regardless of the number of employees, have assets and relationships of strategic importance to the national interest.

F. Operations with third-party funds

F.1 - Nature of funds and type of use

	2020		2019	
	Public funds		Public funds	
		of which: at own risk		of which: at own risk
1. Non-impaired assets				
. Financial leases	-	-	-	-
. Factoring	-	-	-	-
. Other financing	562,132	8,902	445,757	11,145
of which: from the enforcement of guarantees and commitments	-		-	-
. Equity investments	1,459	-	1,627	-
of which: for merchant banking	*1,459*	-	*1,627*	-
. Guarantees and commitments	-	-	-	-
2. Impaired assets				
2.1 Impaired items				
. Financial leases	-	-	-	-
. factoring	-	-	-	-
. Other financing	87,753	-	97,905	-
of which: from the enforcement of guarantees and commitments	-	-	-	-
. Equity investments	6,875	-	6,875	-
of which: for merchant banking	*6,875*	-	*6,875*	-
. Guarantees and commitments	-	-	-	-
Impairments				
. Financial leases	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	-	-
of which: from enforcement of guarantees and commitments				
. Guarantees and commitments	-	-	-	-
Restructured loans				
. Financial leases	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-
. Guarantees and commitments	-	-	-	-
2.3 Past due exposures				
. Financial leases	-	-	-	-
. Factoring	-	-	-	-
. Other financing	4,649	4,649	6,456	6,456
of which: from the enforcement of guarantees and commitments	-	-	-	-
. Guarantees and commitments	-	-	-	-
Total	**662,868**	**13,551**	**558,620**	**17,601**

Part D - Other Information

Section 3 - Information on risks and related hedging policies

In relation to the specific operations of Invitalia and reference markets, the following risks emerged during the analysis phase:

- credit risk
- market risk
- operating risk
- concentration risk
- counter-party risk
- interest rate risk
- liquidity risk
- strategic risk
- reputation risk
- real estate risk

Analysed risks were classified into the following categories:

- quantifiable risks (against which prudential capital and/or internal capital provisions can be deployed);
- assessable risks (not subject to quantification).

The risks listed above were then submitted for relevance analysis, excluding liquidity and real estate risks, which were deemed not relevant in relation to the current asset allocation and scope of regulatory capital.

Quantifiable risks consist of: credit risk, counterparty risk, market risk, operational risk, concentration risk and portfolio interest rate risk. Assessable risks include reputational risk and strategic risk.

Relevance analysis established the basis for defining Invitalia's level of exposure to the risks themselves.

The conclusions which emerged from this analysis indicate that Invitalia's risk exposure is low with reference to the organisational supervision enacted for its control. In any case, continuous surveillance and, where appropriate, limited remedial actions are warranted.

3.1. CREDIT RISK

TOTAL QUALITATIVE CRITERIA

1. General aspects

The Invitalia Group has defined credit risk as that related to incurring losses due to unexpected deterioration of the creditworthiness of clients that were granted funding, also following breach of contract situations. Credit risk is also connected to possible counterparty breaches and losses incurred in the provision of services and/or consultancy work as well as the acquisition of holdings not classified in the trading book.

Lending activity is undertaken as part of merchant banking operations, the processing of statutory subsidies and within the scope of affiliation contracts. The first of these is centred on Equity Investment intervention principles, where the repayment capacity and the size of the loan granted is conditioned by the preliminary examination that precedes the effective intervention implementation.

Operations involving statutory funds or in the management of concession laws do not determine, by their nature, financial and economic effects borne by Company, with the exception of certain lines of activity of minor importance.

2. Credit risk management policies

2.1 Organisational aspects

The structure of the delegated powers is inspired by the containment of risk concentration level, both in quantitative and sectoral economic terms. Lines of credit are granted under the powers delegated by the Board of Directors and attributed to the business units involved in the assessment prior to the credit approval.

2.2 Management, measurement and control systems

Invitalia is not subject to capital requirements with regards to risk.

With regards to **Banca del Mezzogiorno – Mediocredito Centrale**, credit risk control and monitoring responsibilities are assigned to the Chief Risk Officer OU, both individually and in terms of the portfolio, with the task of monitoring:

- in relation to individual exposures, proper execution of performance monitoring in terms of consistency in classifications, congruence of provisioning and correctness in collection processes;
- in reference to the portfolio, the trend in total exposure to this risk, in line with the objectives defined in the RAF.

These activities are part of the Internal Control System, classified as second level controls.
From a regulatory point of view, estimates of credit risk are prepared using the standardised methods called for in the prudential Supervisory Regulations, with reference to both exposures and any guarantees underlying them.
In terms of operations, based on that governed by the Credit Policies and in line with the operating limits established, scoring methods are used to measure customer risk, supporting the investigation stage by creating anomaly levels deemed sustainable before the fact.
Scoring methods are also used

- to periodically establish acceptance/refusal thresholds, which are part of a wider investigation process managed by employees dedicated to this process;
- to estimate the expected returns coming from each loan, taking into account the risk component and the costs of all the components of the production process.

During 2020, downstream from impact analysis carried out by the CRO, the scoring model was updated with the adoption of an improved version of the one already used by the Bank, with the aim of ensuring this tool is up to date in terms of performance and creation of a wider range of measurable companies.
With reference to counter-party risk, in the context of the standardised methodology definition of credit equivalents is estimated using the current value method, as established in the prudential supervisory regulations. Additionally, with reference to derivatives, an additional capital requirement is calculated in the face of unexpected loss risks generated by changes in the fair value deriving from changes in the credit standing of the counter-part (Credit Value Adjustment – CVA).
With reference to derivatives, the Bank has issued specific guidelines intended to limit exposure to counter-party risk through a collateralisation requirement for these positions. In fact, a Credit Support Annex (CSA) is required, typically backed by cash collateral or UEM government securities, with margin frequency at least weekly and a minimum transfer amount (MTA) of €/million. 1. Additionally, the same guidelines, with reference to exposure deriving from repurchase agreements, establish as a risk mitigation technique the stipulation of General Master Repurchase Agreements (GMRA), with margin frequency at least weekly and a Minimum Transfer Amount (MTA) of at least €/million. 1.
With reference to the Bank's concentration risk, in addition to ensuring systematic compliance with the Large Exposure regulations (see Second Section, Chapter 10, Bank of Italy Circular 285/2013 and articles 387 and subsequent of EU Regulation 575/2013) and with "risk assets relative to associated parties" (see Title V of Circular 263 of 2006), the level of concentration in exposures is monitored relative to:
• single name entities : through the method known as Granularity Adjustment (GA), called for in the prudential supervisory regulations (see Bank of Italy Circular 285, First Section - Title III - Chapter 1 - Annex B);
• geo–sectorial: using methods based on practices commonly adopted in the banking system and shared with the Supervisory Body.
To that end, in the context of Credit Policies, in line with the Large Exposure regulations, and in compliance with parameters compatible with the Business Plan, RAF and maintenance of balanced and sustainable limits for capital amounts, internal exposure limits have been defined as a function of counter-part ratings, consistent with a growth strategy for loans to selected customer sectors.
Management of credit risk is done with a forward looking approach, which is implemented, among other things, through stress tests that assess vulnerability to exceptional, but plausible, events linked to specific hypotheses associated with individual economic/financial variables (sensitivity analysis) or movements in a combination of variables using adverse scenarios (scenario analysis).
The stress testing programme, in addition to serving regulatory purposes, given its forward looking components also makes it possible to achieve concrete management objectives, providing information on risk exposure, the adequacy of the mitigation and control systems and the ability to deal with exceptional but plausible losses. Hence, the stress testing programme involves all company levels (company bodies and structures with various roles and responsibilities) in order to define not only the most appropriate stress hypotheses but also organisational and mitigation plans identified as a result of the stress tests.
In determining the severity of adverse scenarios and shocks, in part designed with the support of recognised external sources, the Bank uses prudential measurement criteria in general. The stress testing methods adopted by the Bank call for forward looking measurement of effects deriving from:
1. significant changes in one or more market factors (sensitivity analysis);

2. combined movements of multiple economic/financial variables in adverse scenarios (scenario analysis).

When designing macroeconomic scenarios for adverse market situations and the associated shocks from risk factors, the Bank can make use of forecasts issued by recognised external sources, duly combined with internal hypotheses to better assess the Bank's vulnerabilities (e.g. those linked to its specific business model), to ensure the stress tests are consistent with respect to the current market scenario and possible developments in the same.

During 2020, stress scenarios were prepared that were consistent with the conditions deriving from the pandemic. In particular, the following were prepared:

1. Pre-COVID Scenario, considering the most recent finalised data without taking into account the economic effects and risks associated with the economic and health crisis generated by the COVID-19 pandemic;

2. COVID Scenario, considering finalised and forward looking data, macroeconomic scenarios and risks consistent with the current emergency situation, under base and adverse conditions.

Note that the COVID situation in and of itself constitutes an adverse market situation, meaning the base scenario is the expected scenario, that is the most likely to be realised, while the adverse situation refers to a context with higher risks in comparison to the baseline situation.
For each type of risk subject to stress testing, the Bank identifies possible risk factors to subject to shocks. The intensity of the shock is defined with the support of historical evidence (internal and/or external) available for the same risk factors and/or forecasts developed by specialised external infoproviders.

In this specific context of the pandemic, in line with indications provided by European and Italian regulatory authorities, the need to carefully monitor and assess counterparties benefiting from support measures deriving from government decrees was identified. The monitoring system used (Early Warning System) has certain limits in identifying anomalies, difficulties and deterioration of counterparts to which payment moratoriums have been granted. Hence, management actions were developed to identify any prospective difficulties for clients, in order to allow for active support of counterparts suffering temporary problems linked to the pandemic. These were accompanied by in-depth analysis intended to identify possible risk factors and, when necessary, carry out analytical reviews to assess the current or prospective financial difficulties faced by individual counter-parts.
This also affected the consequent evaluation of the significant increase in credit risk and, in particular, the granting of forbearance measures, in compliance with regulatory provisions and references issued by European supervisory authorities.
As a consequence of these new methods, second level controls under the responsibility of the CRO were partially revised and added to, including performance analysis and sampling positions from the economic sectors most heavily impacted by the COVID-19 crisis.

2.3 Expected loss measurement methods

Relative to the impairment model adopted by the **Invitalia Group**, with the exception of Mediocredito Centrale, for the purposes of IFRS 9:

- methods were defined to measure credit quality of positions in the portfolio of financial assets measured at amortised cost;

- parameters were determined to assess increased credit risk, for the purposes of proper classification of performing exposures in either stage 1 or 2.
  With respect to the classification logic for exposures in stage 3, "impaired/default" exposures, IFRS 9 does not provide a definition of the term "default", but requires each entity to provide their own definition. Therefore, every entity must provide itself with a definition of default that is consistent with its own situation, both in terms of types of assets and risk management practices. In the light of these regulatory requirements, Invitalia considers as in default positions for which legal collection actions have begun.

- models were developed to be used for stage allocation, as well as for calculated one-year expected credit loss (ECL) (applied to exposures in stage 1) and lifetime expected credit loss (applied to exposures in stages 2 and 3).

  Given the lack of internal loss rates after default, the assignment of Loss Given Default (LGD) to individual positions is done by making use of regulatory values or those derived from benchmarks, considered on a flat basis for the entire duration of the loan or appropriately updated, evaluating whether or not prudential margins should be used.

  For on balance sheet positions, Invitalia uses cash flows resulting from the effective amortisation plans of loans to determine exposure at default. More specifically, for the first year (positions in stage 1 and 2), the respective values in the financial statements are considered, while for subsequent years (stage 2), the residual debt associated with the capital portion of the exposure is considered, as in the IAS plan.

  Parameters used for stage allocation are found in the section "Impairment" within Section A.2 Section related to the main items of the financial statements. In any case, note that no increase in credit risk was seen in the Company's loan portfolios due to the substantially public nature of counterparties as of the reporting date.

  Probability of Default (PD) is determined as follows:

  - for over due loans, PD at one year is applied, in the hypothesis that the receivables come due within the next 12 months;
  - for invoices to be issued, a risk exposure time frame of 2 years is considered, therefore cumulative PD at 2Y is applied;
  - for intercompany relationships, the PD for the parent company's institutional sector is applied (public administrations).

  These criteria and the relative thresholds are defined at initial application and are updated at least once a year.

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

- for securities which at the reporting date have an investment-grade rating, the LCRE is applied, or they are allocated directly to stage 1 on the basis of the requirements outlined above;
- for securities which at the reporting date have a speculative-grade rating, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date is considered, measured as a change in the rating class.
  Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If no significant impairment of the position is required, it is classified as Stage 1 in accordance with the Standard.

In any case, classification and transfers comply with a symmetric and relative model. In fact, at every reporting date, reclassification of the positions among the stages is carried out, both upwards and downwards, based on changes in the conditions that led to the prior staging.
If no information is available for determining significant impairment or low credit risk, the position must be classified in stage 2. Ratings, provided by an info provider, are carefully updated at each reporting date.
Assessment of financial assets, whether performing or in stage 3, also reflects the best estimate of the effects of future conditions, above all those associated with the economic situation, on the basis of which forward looking PD and LGD are estimated.
From a methodological point of view, at every consolidated financial statements reporting date, Invitalia must measure the impairment of a financial instrument on the basis of:

- 12-month Expected Credit Loss (ECL) for instruments classified in stage 1;
- Lifetime Expected Credit Loss (LECL) for instruments classified in stage 2.

The impaired portfolio is instead classified in stage 3 and continues to be measured using the Impairment Lifetime method.
With regards to **Mediocredito Centrale SpA**, credit risk management has a close relationship with the recognition and measurement of expected losses. Based on the accounting standard, assets and losses falling within a well-defined perimeter are classified into three stages. This classification is based on transfer criteria linked to the credit quality of the element in question, which impacts the methods used to recognise impairment, differentiated in terms of the reference time horizon and recognition of interest income. The Bank has therefore implemented tools, which, in line with the dictates of the standard, allow it to automatically determine any significant increases in credit risk. These instruments are differentiated by the portfolio in question.
For the securities portfolio, the Bank uses the following measurement methods:

- for securities with an investment grade rating as of the reporting date, the low credit risk exemption (LCRE) is applied;

- for securities which at the reporting date have a speculative grade rating, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date is considered, measured by the change in the rating class. Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If no significant impairment of the position is required, it is classified as Stage 1 in accordance with the Standard.

For the loan portfolio, these instruments use:

- information coming from scoring models, comparing measurements obtained at the origination date with periodic updates;

- information on payment trends (past due by more than 30 days);

- the presence of forbearance measures for performing positions;

• information coming from internal early warning systems (watchlist customers).
information that the Bank uses to recognise expected losses for loans classified in stage 1 or stage 2 can be detailed as follows:
• probability of default for the client, obtained from an external ratings model; this information is subject to the adjustments dictated by the accounting standard, specifically: either a point in time (PIT) adjustment, which prudentially and considering the volatility of the default rate observed on the loan portfolio, consists in Bayesian recalibration based on the average impairment rate observed on the portfolio;

or a forward looking correction with regards to the first three years of the curve, in order to include macroeconomic predictions for the market;

or a through the cycle calibration, using the PD and transition matrices determined as the average of values observed over the last 8 years.

- loss given default (LGD), obtained by making use of regulatory values or amounts deriving from market benchmark values, considering the statistical number of positions in the portfolio and the content of historical series to measure internal recovery rates. These values are then duly updated using prudential margins and segmenting, when necessary, based on the type of guarantees associated with the loans;
- exposure at default (EAD), differentiating between on and off balance sheet positions;
- residual life of the relationship;
- discount rate, equal to the internal rate of return on the position.

Changes due to COVID-19
During 2020, certain changes were made to the above methodology mainly linked to the pandemic, in line with the guidelines and recommendations issued by the supervisory and regulatory authorities (ECB, EBA and Bank of Italy); these can be summarised as:
• updating the forward looking coefficients used to estimate PD, including macroeconomic scenarios published by the Bank of Italy on 5 June 2020 in the satellite models, which include the effects of the pandemic;

• prudential treatment of positions making use of the Legislative Decree moratorium based on the automatic extension of the suspension period through June 2021, and for moratoriums in sectors the Bank has identified as the hardest hit by the pandemic, considering provisions equal to those made for stage 2 for the entire cluster.

Additionally, to standardise treatment in terms of provisioning for exposures relative to central administrations, with risk weighting of zero22 (RW=0%), when calculating provisions for credit losses the portion of exposure guaranteed by the Central Guarantee Fund was included, to which a coverage of 0% had previously been applied (LGD = 0%).
Measurement of the significant increase in credit risk (SICR).
No methodological changes were applied in terms of measuring the significant increase in credit risk. However, updating of macroeconomic scenarios to include pandemic effects led to a worsening of PD lifetime, leading to an increase in exposures classified as stage 2 and an increase in impairment recognised. The total percentage in stage 2 at 31 December 2020 was around 15.3%. Additionally, a review was carried out during the year of the sector analysis used to determine adjustments in the face of moratoriums granted to companies operating in the hardest hit sectors. The prudential decision to carry out provisioning equal to that for stage 2 for moratoriums due to the Legislative Decree and moratoriums for the hardest hit sectors led, in December 2020, to an increase in write-downs on performing loans of around 16%. This analysis is periodically updated, also in relation to rapid changes

in the pandemic situation and its impact on various sectors, and is used in policies that guide lending activities.

Measuring expected loss

In April 2020, the Bank updated its macroeconomic scenarios to promptly include the effects of the pandemic in adjustments to the Statement of Profit and Loss. This updating of the macroeconomic scenarios to include the effects of the pandemic led to a significant increase in the forward looking coefficients applied to probability of default.

In line with EBA recommendations, intended to avoid excessive harm to the Statements of Profit and Loss for banks, which would have created procyclical effects, with consequent difficulties for business credit access, the effects deriving from the increase in forward looking multipliers was attenuated, especially for 2020, through the use of an average multiplier (simple average) to be applied to all three years (2020, 2021 and 2022).

Additionally, a prudential solution was adopted to determine write-downs on positions with moratoriums, also due to the higher risk observed for this portion of the portfolio. In particular, the provisioning lifetime required for stage 2 was adopted for the following positions:

1. legislative moratoriums as at 31 December 2020 which, in virtue of the automatic extension of the suspension period through June 2021, had exceeded the 9-month grace period indicated by the EBA;

2. moratoriums granted to counter-parts in sectors identified as those hardest hit by the pandemic.

Due to the increase in volumes in the portfolio of SMEs guaranteed by the Central Guarantee Fund, and even if provisioning levels are still considered adequate, to establish consistency in the treatment of exposures with the Italian government held in the portfolio, in line with accounting standard IFRS 9, the Bank decided to determine the write-downs made for the portion guaranteed by the Central Guarantee Fund in the same way that provisioning is determined for government securities. The write-owns are calculated on the basis of the following elements:

- Probability of default (PD), corresponding to the rating for the Italian government;
- LGD of 45%;

Staging of the loan counter-part.

2.4 Credit risk mitigation techniques

When deemed appropriate, adequate collateral is required and shareholder agreements governing the way-out mechanism are stipulated (with the prior determination of times and liquidation values).

3. Impaired credit exposures

Credit risk management is governed by procedures that establish the applicable rules of conduct. In particular, during the pre-litigation phase, the activity is carried out by the administrative department together with the department responsible for monitoring the position; subsequently, the legal department is delegated to recover the amounts due. The administrative department defines the specific loss estimates based on the information on the recoverability terms provided by the operations function and/or the legal department.

With reference to Mediocredito Centrale, note that on 26 April 2019 Regulation EU 630/2019 took effect, which requires banks to record provisioning for non-performing exposures, relative to disbursements arising after 26 April 2019, using calendar provisioning, taking into account the ageing and type of exposures, establishing a calendar which is differentiated by whether the loan is secured or unsecured. More specifically, for unsecured non-performing exposures a three year calendar is applied, while a longer calendar is used for secured exposures: nine years for loans guaranteed by real estate and seven years for other types of guarantees. Calendar provisioning also introduces a binding Pillar I requirement for all banks. The Bank has adjusted its application procedures to ensure compliance with the new regulatory provisions on loan provisioning.

QUANTITATIVE INFORMATION

1. Breakdown of financial assets by associated portfolios and credit quality (book value)

Portfolio/quality	Bad Loans	Unlikely to Pay	Non Performing Past Due Exposures	Performing Past Due Exposures	Other Performing Exposures	Total
1. Financial assets measured at amortised cost	92,749	26,340	118	35,950	3,600,168	3,755,325
2. Financial assets measured at fair value through other comprehensive income					949,743	949,743
3. Financial assets designated at fair value						-
4. Other financial assets mandatorily designated at fair value					54,548	54,548
5. Financial assets held for sale						-
Total 2020	**92,749**	**26,340**	**118**	**35,950**	**4,604,459**	**4,759,616**
Total 2019	**142,010**	**46,197**	**-**	**28,000**	**3,315,189**	**3,531,396**

2. Breakdown of financial assets by associated portfolios and credit quality (gross and net values)

Portfolio/quality	Bad Loans			Not Bad loans			Total (net exposure)
	Gross exposure	overall writedowns	Net exposure	Gross exposure	Overall writedowns	Net exposure	
1. Financial assets measured at amortised cost	418,727	(255,911)	162,816	3,692,749	(56,619)	3,636,130	3,798,946
2. Financial assets measured at fair value through other comprehensive income			-	949,743		949,743	949,743
3. Financial assets designated at fair value			-	-		-	-
4. Other financial assets mandatorily designated at fair value			-	54,548		54,548	54,548
5. Financial assets held for sale							
Total 2020	**418,727**	**(255,911)**	**162,816**	**4,697,040**	**(56,619)**	**4,640,421**	**4,803,237**
Total 2019	**155,326**	**(13,316)**	**142,010**	**3,395,885**	**(6,499)**	**3,389,386**	**3,531,396**

3. Distribution of financial assets by maturity (book values)

Portfolio/quality	Stage one			Stage two			Stage three		
	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	806,186	32,739	2,082,295	615,760	9,314	105,222	185	431	118,591
2. Financial assets measured at fair value through other comprehensive income									
3. Financial assets held for sale									
Total 2020	**806,186**	**32,739**	**2,082,295**	**615,760**	**9,314**	**105,222**	**185**	**431**	**118,591**
Total 2019	**107,407**	**4,475**	**2,524,619**	**602**	**3,158**	**1,159**	**24**	**280**	**141,706**

Portfolio/quality	Asset of evident low credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading			11,289
2. Hedging derivatives			90,202
Total 2020	**-**	**-**	**101,491**
Total 2019	**-**	**-**	**107,211**

4. Financial assets, commitments to disburse funds and financial guarantees given: trend of total value adjustments and total provisioning

Cause/Risk stage	Total value adjustments																Total provisioning for commitments to disburse funds			Total
	Stage one assets					Stage two assets					Stage three assets					of which: acquired or originated impaired financial assets	Stage one	Stage two	Stage three	
	Financial assets measured at amortised cost	Financial assets measured at fair value through	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs					
Initial balance	**(3,544)**	**(588)**		**(4,132)**					**-**		**(16,562)**			**(16,562)**			**(973)**	**(439)**	**(300)**	**(18,862)**
Increases in financial assets acquired or originated		(1,083)		(1,083)					-								-3520	-181		**(4,784)**
Cancellations other than write-offs		112		112					-								306	492	268	**1,178**
Net value adjustments for credit risk (+/-)	(20,726)	495		(20,231)		(32,349)			(32,349)		(160,162)			(160,162)		4,531	3861	-3492	32	**(159,266)**
Contractual changes without cancellation				-					-											-
Changes in estimated methods				-					-											-
Write-offs				-					-											-
Other				-					-											-
Closing balance	**(24,270)**	**(1,064)**		**(25,334)**		**(32,349)**			**(32,349)**		**(176,724)**			**(176,724)**		**4,531**	**(326)**	**(3,620)**	**-**	**(181,734)**
Recoveries from amounts collected on financial assets subject to write-offs									-											-
Write-offs recognised directly in the Statement of Profit and Loss									-											-

5. Financial assets, commitments to disburse funds and financial guarantees given: transfers between various credit risk stages (gross and nominal amounts)

Portfolio/Risk stage	Transfers between stage one and two		Transfers between stage two and three		Transfers between stage one and three	
	From stage one to two	From stage two to one	From stage two to three	From stage three to two	From stage one to three	From stage three to one
1. Financial assets measured at amortised cost	652,585	64,319	2,728	5,047	7,128	114
2. Financial assets measured at fair value through other comprehensive income						
3. Commitments to disburse funds and financial guarantees issued	66,841	17,493				131
Total 2020	**719,426**	**81,812**	**2,728**	**5,047**	**7,128**	**245**
Total 2019	**77,159**	**76,785**	**5,672**	**2,013**	**8,706**	**343**

5a Loans subject to COVID-19 support measures: transfers between various credit risk stages (gross and nominal amounts)

Portfolio/Risk stage	VL/VN Transfers between stage one and two		VL/VN Transfers between stage two and three		VL/VN Transfers between stage one and three	
	From stage one to two	From stage two to one	From stage two to three	From stage three to two	From stage one to three	From stage three to one
A. Loans measured at amortised cost						
A.1 subject to forbearance in compliance with GLs	18,692	20,148	113		67	
A.2 subject to other forbearance measures			386			
A.3 new loans	47,856				601	
B. Loans measured at fair value through other comprehensive income						
B.1 subject to forbearance in compliance with GLs						
B.2 subject to other forbearance measures						
B.3 new loans						
Total 2020	**66,548**	**20,148**	**499**	**-**	**668**	**-**
Total 2019						

6. Credit exposures with customers, banks and financial companies

6.1 On and off balance sheet credit exposures with banks and financial companies: gross and net values

Type of exposures/amounts	Gross exposure		Total value adjustments and total provisioning	Net exposure	Total partial write-offs*
	Non performing	Performing			
A. Cash credit exposures					
a) Bad Loans				-	
of which: forborne exposures				-	
b) Probable defaults				-	
of which: forborne exposures				-	
c) Non Performing Past Due Exposures				-	
of which: forborne exposures				-	
d) Performing Past Due Exposures				-	
of which: forborne exposures				-	
e) Other Performing Exposures		1,144,101	(3,246)	1,125,457	
of which: forborne exposures					
TOTAL A	**-**	**1,144,101**	**(3,246)**	**1,125,457**	
B. Off-balance sheet credit exposures					
a) Bad Loans					
b) Non-Bad loans		90,216		90,216	
TOTAL B	**-**	**90,216**	**-**	**90,216**	
TOTAL A+B	**-**	**1,234,317**	**(3,246)**	**1,215,673**	

6.2 Cash credit exposures with banks and financial companies: trend of gross impaired exposures

There are no impaired exposures with banks or financial companies.

6.2bis Cash credit exposures with banks and financial companies: trend of gross forborne exposures broken down by credit quality

There are no impaired exposures with banks or financial companies.

6.3 Impaired cash credit exposures with banks and financial companies: trend of total value adjustments

There are no impaired exposures with banks or financial companies.

6.4 On and off balance sheet credit exposures with customers: gross and net values

Type of exposures/amounts	Gross exposure		Total value adjustments	Net exposure	Total partial write-offs*
	Non performing	Performing			
A. Cash credit exposures					
a) Bad Loans	295,931		(176,724)	119,207	
of which: forborne exposures					
b) Probable defaults					
of which: forborne exposures					
c) Non Performing Past Due Exposures					
of which: forborne exposures					
d) Performing Past Due Exposures					
of which: forborne exposures					
e) Other Performing Exposures		2,563,921	(53,260)	2,510,661	
of which: forborne exposures					
TOTAL A	**295,931**	**2,563,921**	**(229,984)**	**2,629,868**	
B. Off-balance sheet credit exposures					
a) Bad loans					
b) Non-Bad loans		168,068	(3,947)	164,121	
TOTAL B	**-**	**168,068**	**(3,947)**	**164,121**	
TOTAL A+B	**295,931**	**2,731,989**	**(233,931)**	**2,793,989**	

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

	Type of loans/amounts	Gross exposure	Total value adjustments and total provisioning	Net exposure	Total partial write-offs*
A.	**BAD LOANS**				
	a) Subject to forbearance in compliance with GLs				
	b) Subject to other forbearance measures				
	c) New loans				
B.	**UNLIKELY TO PAY**	**1,345**	**310**	**1,035**	
	a) subject to forbearance in compliance with GLs	358	150	208	
	b) Subject to other forbearance measures	386	85	301	
	c) New loans	601	75	526	
C.	**NON PERFORMING PAST DUE EXPOSURES:**				
	a) subject to forbearance in compliance with GLs				
	b) Subject to other forbearance measures				
	c) New loans				
D.	**PERFORMING PAST DUE**	**7,980**	**66**	**7,914**	
	a) subject to forbearance in compliance with GLs				
	b) Subject to other forbearance measures				
	c) New loans	7,980	66	7,914	
E.	**OTHER PERFORMING EXPOSURES**	**505,708**	**5,287**	**500,421**	
	a) subject to forbearance in compliance with GLs	97,615	3,181	94,434	
	b) Subject to other forbearance measures				
	c) New loans	408,093	2,106	405,987	
	TOTAL (A+B+C+D+E)	515,033	5,663	509,370	

6.5 Credit exposures with customers: trend of gross impaired exposures

Causes/Categories	Bad loans	Unlikely to Pay	Non Performing Past Due Exposures
A. Initial gross exposure	**155,326**	**68,640**	
of which sold non-cancelled exposures			
B. Increases			
B1. Transfers from performing loans	2,582	7,560	2,558
B2. Transfers from acquired or originated impaired financial assets			
B3. Transfers from other categories of non-performiing exposures	5,977		
B4. Contractual changes with no cancellations			
B.5 other increases	157,917	6,336	6
C. Decreases			
C1. Transfers to performing loans		(5,983)	(2,417)
C.2 write-offs	(505)	(32,115)	
C.3 collections	(2,198)	(3,136)	(15)
C4. Sale proceeds			
C.5 losses from disposals	(572)		
C6. Transfers to other non-performing exposures		(5,977)	
C.7 contractual changes without cancellation			
C.8 other decreases	(22,596)	(8,955)	(1)
D. Final gross exposure	**295,931**	**26,370**	**131**
of which sold non-cancelled exposures			

6.5bis Cash credit exposures with customers: trend of gross forborne exposures broken down by credit quality

Causes/Categories	Non performing Forborne Exposures	Other forborne exposures
A. Initial gross exposure	**76,276**	**7,163**
of which sold non-cancelled exposures		
B. Increases	**35,604**	**10,741**
B.1 incoming from performing non forborne exposures		4,755
B.2 incoming from performing forborne exposures	96	
B.3 incoming from non performing forborne exposures		5,834
B.4 incoming from non performing non forborne exposures	11,124	
B.5 other increases	24,384	152
C. Decreases	**74,558**	**2,146**
C.1 outgoing to performing non forborne exposures		158
C.2 outgoing to performing forborne exposures	6,321	
C.3 outgoing to non performing forborne exposures		137
C.4 write-offs	15	
C.5 collections	30,860	1,762
C.6 realised through disposals		
C.7 losses from disposals		
C.8 other decreases	37,362	89
D. Final gross exposure	**37,772**	**15,758**
of which sold non-cancelled exposures		

6.6 Impaired cash credit exposures with customers: trend of total value adjustments

Causes/Categories	Bad loans	Unlikely to Pay	Non Performing
A. Initial total adjustments	**13,316**	**60,129**	
of which sold non-cancelled exposures			
B. Increases			
B.1 value adjustments for Bad loans or originated Bad loans financial			
B.2 other value adjustments	1,924	15,179	13
B.3 losses from disposals			
B.4 transfers from other categories of Bad loans exposures	2,815		
B.5 contractual changes without cancellation			
B.6 other increases	164,757		
C. Decreases			
C.1 write-backs		(2,118)	
C.2 write-backs from collections		(41)	
C.3 profits from disposals	(596)	(1)	
C.4 write-offs		(32,115)	
C.5 transfers to other categories of Bad loans exposures		(2,816)	
C.6 contractual changes without cancellation			
C.7 other decreases	(5,492)	(38,187)	
D. Final total adjustments	**176,724**	**30**	**13**
of which sold non-cancelled exposures			

7. Classification of financial assets, commitments to disburse funds and financial guarantees issue based on external and internal ratings

7.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issue by external ratings class (gross amounts)

7.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issue: by external ratings class (gross amounts)

Exposures	External ratings class						No rating	TOTAL
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B	Lower than B-		
A. Financial assets measured at amortised cost	**357**		**48,437**	**12,451**	**9,166**		**2,216,574**	**2,286,985**
Stage one	357		48,437	6,895	4,079		1,888,445	1,948,213
Stage two				5,556	5,087		231,484	242,127
Stage three							96,645	96,645
B. Financial assets measured at fair value through other comprehensive income			**939,301**					**939,301**
Stage one			939,301					939,301
Stage two								-
Stage three								-
Total (A+B+C)	**357**	**-**	**987,738**	**12,451**	**9,166**	**-**	**2,216,574**	**3,226,286**
D. Commitments to disburse funds and financial guarantees issued				**16,925**	**20,000**		**131,143**	**168,068**
Stage one				16,888			76,871	93,759
Stage two				37	20,000		54,272	74,309
Stage three								-
Total D				**16,925**	**20,000**		**131,143**	**168,068**
Total (A+B+C+D)	**357**	**-**	**987,738**	**29,376**	**29,166**	**-**	**2,347,717**	**3,394,354**

The table shows a breakdown of MCC's cash and off balance sheet exposures with regards to counterparts with external ratings. The classification refers to Standard & Poor's rating classes, to which ratings assigned by other agencies (Moody's and Fitch) are tracked.
The percentage impact of exposures with external ratings relative to total exposures is around 30.83%.

9. Credit concentration

Concentration risk is the risk that derives from a concentration of exposures in the credit portfolio relative to counterparts, or groups of counterparts in the same economic sector, which carry out the same type of business or are located in the same geographic area.

9.3 Large exposures

With reference to Mediocredito Centrale, note that on 26 April 2019 Regulation EU 630/2019 took effect, which requires banks to record provisioning for non-performing exposures, relative to disbursements arising after 26 April 2019, using calendar provisioning, taking into account the ageing and type of exposures, establishing a calendar which is differentiated by whether the loan is secured or unsecured. More specifically, for unsecured non-performing exposures a three year calendar is applied, while a longer calendar is used for secured exposures: nine years for loans guaranteed by real estate and seven years for other types of guarantees. Calendar provisioning also introduces a binding Pillar I requirement for all banks. The Bank has adjusted its application procedures to ensure compliance with the new regulatory provisions on loan provisioning.

3.2. MARKET RISKS

Analysis of market risk is done on a voluntary basis as Invitalia is not subject to supervision by the Bank of Italy.
Market risk is defined as the risk that the fair value or future cash flows of a financial instrument may undergo oscillations due to changes in market prices.
For Invitalia, this risk is represented by the risk of adverse change in the value of a position in securities, included in the trading book for supervisory purposes, due to the adverse trend of interest rates, Exchange rates, inflation, volatility in stock prices, credit spreads, commodity prices (generic risk) and issuer credit ratings (specific risk).
Market risk comprises three types of risk: interest rate risk, price risk and currency risk.

3.2.1 Interest rate risk

With reference to MCC, exposures to this risk mainly derives from the number of maturities changed by the Bank, that is collection of funds with short-term repricing frequency and adjustment of longer-term interest rates. For this reason, quantification of this risk is based on analysing the mismatch between repricing dates for asset and liability items.
As at 31 December 2020, the most significant elements determining exposure to interest rate risk are:

- medium/long-term loans associated with core lending business, mainly consisting of variable-rate loans indexed to the Euribor (85%), fixed-rate loans (13%) and, residually, mixed-rate loans (2%);
- factoring transactions;
- investments in multi-year treasury bonds with an average duration of 1.7 as at the reporting date;
- fixed rate zero coupon bonds, with maturities distributed as seen table B1 below;
- ECB funding ("TLTRO III");
- variable rate deposits payable indexed to the Euribor;
- short and medium-term deposits indexed to the Euribor;
- repurchase agreements with banks;
- demand deposits from business customers, associated with normal and time deposit accounts;
- demand deposits generated from technical current accounts linked to management of public subsidies.

The Bank uses robust methods to measure risk, able to include all relevant elements (the drivers of risk exposure and risk factors) in the light of its specific business model.

In terms of risk factors, both parallel and non-parallel shifts in the rate curve are considered, using both a deterministic view point (e.g. parallel shock to the interest rate curve of ±200 basis points) and probabilistic (shock to the curve corresponding to the 1st/99th percentile of the historic distribution of annual changes in rates).
To guarantee that exposures to interest rate risk for the portfolio is always consistent with the Bank's risk appetite - as defined in the Risk Appetite Framework - the operating function and risk control function independently carry out monthly monitoring and, relative to certain types of operations (e.g. changes in the portfolio of owned securities), preventive impact analysis.
Additionally, the risk control function carries out stress test analysis to estimate potential adverse consequences deriving from extreme but plausible market scenarios. Stress scenarios are identified based on the current financial market situation and forecasts coming from external sources, while taking into account the specific vulnerabilities associated with the Bank's business model.
Relative to price risk, the Bank's exposure is negligible, as it holds an insignificant amount of shares.

Impacts from the COVID-19 pandemic
Following the increased volatility seen on the financial markets in March and April 2020, triggered by the pandemic, the Bank implemented actions to determine potential impacts deriving from unexpected changes in interest rates on its profitability and/or economic value. This analysis and subsequent monitoring of risk indicators during the year did not identify any elements that were susceptible to change in a manner that would significantly alter the exposure to interest rate risk of the bank portfolio.

1. General aspects

Interest rate risk is the current and prospective risk of volatility in profits or capital arising from adverse interest rate variations.

TOTAL QUALITATIVE CRITERIA

Invitalia's financial management complies with the asset allocation policies and risk limits established by the Board of Directors.

As already shown in the Report on Operations, there is no appreciable liquidity, interest rate or credit risk.
With regards to liquidity risk, note that cash flow from normal operations fully satisfies structural operating costs. The stress test, intended to verify the financial strength of management in the case of exogenous liquidity shocks, indicates that financial management investments comply with the principle of high liquidity, as two thirds of the total can be readily monetised.
Interest rate and credit risk are similarly limited.
More specifically, the long-term securities portfolio (HTC) has a very low risk profile with an average duration of around 5 years (against a financial mandate limit of 7 years) and an average rating of BB+ with Italian government securities exceeding 50% of the total.
The Agency's intention and ability to hold these securities for the long term in order to collect coupon-based returns makes it possible, on the basis of the international accounting standards, to not suffer any capital losses (to fair value) due to temporary fluctuations in interest rates and prices (measurement of securities at historic cost).
On the other hand, the portfolio of securities held for trading is of a residual amount, now less than 10% of investments, with a shorter financial duration of less than 3 years, and more contained relative implicit interest rate risk.

Investment policies are for the most part made up of separately managed items with a prudential profile which, due to the segregation of the relative funds and the rules governing them, offer high protection from credit and interest rate risk.
Finally, mutual investment funds, which are marginal in terms of amount, led to the choice of the main asset managers globally through the selection process, and in virtue of the prudential balanced investment class, do not appreciably increase the risk profile for management.

QUANTITATIVE INFORMATION

2. Models and other methods for measuring and managing interest rate risk

3.2.2 PRICE RISK

*"**Other price risk**", as defined in Appendix A of IFRS 7, is defined as the risk that the fair value or future cash flows of a financial instrument may oscillate due to changes in market prices other than changes determined by interest rate risk or currency risk.* For Invitalia, this risk is substantially limited to equity investment operations which following reorganisation are limited to residual costs. Price risk is kept in check by defining shareholders' way-out agreements, possibly accompanied by guarantee mechanisms or disincentives in relation to non-compliance with agreed terms.

3.2.3 EXCHANGE RISK

Assets and liabilities denominated in foreign currencies are not present.

3.3 OPERATIONAL RISK

TOTAL QUALITATIVE CRITERIA

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

Operational risk means the risk of suffering losses due to the inadequacy or dysfunction of procedures, human resources and/or internal systems, or due to exogenous events. This category includes, among other things, losses deriving from fraud, human error, interruption of operations, unavailability of systems, contractual breaches and natural disasters. Operational risk includes legal risk, whereas strategic and reputational risks are not included.

The main corporate processes are governed by dedicated internal documented procedures. These documents, together with IT-based procedures, enable the monitoring of operational risks related to the occurrence of technical and human errors in all phases of the company's operations, which could result in harmful financial and reputational consequences for the company.

From an organisational point of view, the Internal Auditing function monitors the effectiveness and adequacy of the internal control system, verifying the adherence and coherence of corporate departmental actions and practices with the regulations, directives, conferred powers and procedures enacted, with particular reference to the provisions of Italian Legislative Decree No. 231/2001.

The Organisation, Management and Control Model adopted, and compliant with the requirements of Legislative Decree 231/01 is based on:
1. adherence to the code of ethics, with particular regard to relations with the Public Administration bodies;
2. the written and jointly agreed definition of operating procedures;
3. the separation of tasks and responsibilities;
4. the establishment of an autonomous and independent supervisory body;

5. the systematic verification of compliance with the prescribed internal control procedures by the supervisory body and the Internal Auditing function.

3.4 LIQUIDITY RISK

With reference to the parent company and the subsidiaries, with the exception of Mediocredito Centrale, liquidity risk is not subject to specific analysis, in consideration of current asset allocation.

On the other hand, for the Bank, in general terms liquidity risk is understood to be the risk that the Bank is unable to finance new loans and/or comply with its own payment commitments. The liquidity risk governance and management system is established to avoid conditions that could lead to this state of non-compliance.
Exposure to liquidity risk depends above all on the specific business model (2nd level bank focussed on business loans), characterised by limited amounts of low cost retail and stable over the medium/long-term, which requires greater use of transformation of maturities and secured forms of funding in order to contain the cost of funding. Additionally, management choices made relative to the tools used to mitigate this risk are also important, including: the qualitative/quantitative composition of liquidity reserves, the portion of assets restricted, the degree of funding diversification.
In relation to these aspects and risk factors which could impact expected cash flow, during the Internal Liquidity Adequacy Assessment Process (ILAAP) the following types of liquidity risk were identified, to which the Bank is exposed, as well as their relative significance:
a. contingency liquidity risk, low significance;
b. mismatch liquidity risk, high significance;
c. market liquidity risk, specifically the risk of being forced to sell securities or loan assets at a price below fair value, low significance;
d. funding liquidity risk, specifically in terms of the structure of funding and concentration by counter-party/technical form/maturity, regarding negative effects of the market's propensity towards the Bank's unsecured debt, high significance;
e. asset encumbrance risk, connected to the portion of restricted assets involved in guaranteed funding operations, regarding negative effects of the market's propensity towards the Bank's unsecured debt, high significance.
In the face of these risks, the liquidity monitoring system is structured as follows.
- relative to funding liquidity risk, contingency liquidity risk and market liquidity risk, risk exposure is monitored together through the maturity ladder, positioning expected cash flow and counterbalancing capacity on a monthly schedule and calculating the total balance for each maturity group. Scenario analysis calls for the introduction of stress hypotheses with non-renewal of short-term funding and haircuts on liquidity reserves. Risk exposure is expressed in terms of days of survival and, in particular, using the Liquidity Coverage Ratio;
- exposure to funding liquidity risk is also measured in terms of concentration by technical form, counter-party and renewal date;
- exposure to mismatch liquidity risk is expressed as the portion of illiquid assets financed by stable funding and, in particular, using the Net Stable Funding Ratio;
- for asset encumbrance risk, risk exposures is expressed as the ratio between restricted assets and total assets;
- in terms of risk factors (monitoring of unfavourable events that could impact expected cash flow), an Early Warning Indicator system is used, with the aim of identifying events that could create liquidity tensions or crises beforehand.

The complex liquidity risk monitoring system includes daily controls carried out by:
- the Finance, Own Account and Treasury OU, carrying out the first level controls assigned to the operating function that takes on the risk;
- the CRO, carrying out second level controls through a structure which is separate and independent from the first.

In relation to the areas of monitoring illustrated above, risk objectives, operating limits and attention thresholds are defined which, consistent with prudential regulations, represent the reference measures used to implement the Risk Appetite Framework, Contingency Funding Plan and Restoration Plan. In particular, for the purposes of escalation processes and options which can be activated in crises, specific rules for action are defined in relation to expected cash flow over the short-term (3 months) and the extremely short-term (7 days), as well as with respect to the Liquidity Coverage Ratio.
These indicators are also subject to forward looking analysis when preparing the funding plan, in order to verify before the fact that balance will be maintained consistent with the Risk Appetite Framework approved by the Board of Directors.

Impacts from the COVID-19 pandemic
When the effects of the COVID-19 pandemic began to be seen, the Bank implemented measures to determine potential impacts deriving from unexpected requests for liquidity coming from customers and from the volatility in the value of liquidatable assets in the face of possible deterioration of market conditions. This included strengthening the monitoring done of revolving credit line use and volumes of factoring transactions. Further, additional risk factors generated by the health crisis were incorporated into stress analysis and scenarios for the purposes of the Internal Liquidity Adequacy Assessment Process (ILAAP).
In any case, no signs of tensions were identified relative to liquidity, operating and structural aspects and liquidity indicators constantly remained above the minimum thresholds, consistent with the risk appetite identified before the fact.

The tables below show the distribution of assets and liabilities at 31 December 2020 by time stage and currency.

Quantitative criteria

1. Distribution by residual contract duration, financial assets and liabilities

Quantitative criteria

1. Distribution by residual contract duration, financial assets and liabilities

	Types/Residual Maturity	On demand	From 1 to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite duration
A.	**On Balance Assets**	**71,906**	**2,775**	**26,894**	**27,048**	**109,653**	**219,388**	**187,319**	**1,888,245**	**609,838**	**13,996**
	A.1 Government securities					7,232	503	7,746	892,310		
	A.2 Other debt securities	250			40	248	308	247	583	111,350	
	A.3 UCITS units										
	A.4 Loans	71,656	2,775	26,894	27,008	102,173	218,577	179,326	995,352	498,488	13,996
	- banks	59,462	352				434				13,996
	- Customers	12,194	2,423	26,894	27,008	102,173	218,143	179,326	995,352	498,488	
B.	**On Balance Liabilities**	**1,133,182**	**29,996**	**1**	**30,095**	**4,145**	**40,338**	**247,527**	**1,124,569**	**172,855**	
	B.1 Deposits and current accounts	1,029,744			30,090	2,007	30,120	232,052	265,280		
	- banks	-									
	- Customers	1,029,744			30,090	2,007	30,120	232,052	265,280		
	B.2 Debt securities							4,500	300,000	160,471	
	B.3 Other liabilities	103,438	29,996	1	5	2,138	10,218	10,975	559,289	12,384	
C.	**"Off-balance sheet" transactions**	**(112,406)**				**4,152**	**10,041**	**9,217**	**34,284**	**54,713**	
	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 loans to be collected										
	- long positions										
	- short positions										
	C.4 Irrevocable commitments to disburse funds	(112,406)				4,152	10,041	9,217	34,284	54,713	
	- long positions	55,424				4,152	10,041	9,217	34,284	54,713	
	- short positions	167,830									
	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 principal										
	- long positions										
	- short positions										

3.5 Derivatives and hedging policies

3.5.1 - Trading derivatives

The Group does not carry out any operations involving trading derivatives.

A. Financial Derivatives

Accounting hedges

Qualitative criteria

A. Fair value hedging

In order to immunise the economic value of the subsidiary Mediocredito Centrale from the impact of changes in interest rates on fixed rate/zero coupon bonds, each bond issue is covered through an Interest Rate Swap derivative, stipulated with a primary market counter-part. Therefore, these positions are classified as Fair Value Hedges.

B. Cash flow hedges

There are no operations involving cash flow hedges.

C. Foreign investment hedges

There are no operations involving foreign investment hedges.

D. Hedging instruments

Each hedging instrument involves a portion that exactly replicates the interest accruing on the bond issues and an opposite portion indexed to the Euribor plus a spread, so as to perfectly offset any changes in cash flows coming from the hedged element due to variations in interest rates.

E. Elements hedged

Given that the purpose of hedging is to immunise the economic value of the bank portfolio from interest rate risk, the element hedged is not precisely the bond, but rather a portion of it, represented by the component that refers to the impact of changes in interest rates.
Verification of hedge efficacy is done using methods accepted under the reference accounting standards and general practice. It consists in verifying that the change in value of the hedged element, in the face of a conventional shock to interest rates, is equal to the change in the value of the hedging instrument. Any difference (ineffectiveness) must be solely attributable to the difference between the fair market spread and that effectively negotiated with the counter-party.

Quantitative information

3.5.2. Financial derivative hedges: notional values at end of period

		31.12.2020		31.12.2019	
	Type of derivative	**Over the counter - Central counterpart**	**Over the counter -Without central counterpart - Without netting agreements**	**Over the counter - Central counterpart**	**Over the counter - Without central counterpart - Without netting agreements**
1.	**1. Debt Securities and Interest Rates Indexes**	**460,471**		**451,421**	
	a) Options				
	b) Swaps	460,471		451,421	
	c) Forward				
	d) Futures				
	e) Other				
2.	**Equity securities and stock indexes**				
	a) Options				
	b) Swaps				
	c) Forward				
	d) Futures				
	e) Other				
3.	**Currencies and gold**				
	a) Options				
	b) Swaps				
	c) Forward				
	d) Futures				
	e) Other				
4.	**Commodities**				
5.	**Other**				
	Total	**460,471**		**451,421**	

3.5.3 Residual life of OTC financial derivative hedges: notional values

	Underlying/Residual life	**Up to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
A.1	Financial derivatives, debt securities and interest rates		300,000	160,471	460,471
A.2	Financial derivatives, equity securities and stock indexes				
A.3	Financial derivatives, currencies and gold				
A.4	Financial derivatives, commodities				
A.5	Other financial derivatives				
	Total 31.12.2020		**300,000**	**160,471**	**460,471**
	Total 31.12.2019		**300,000**	**151,421**	**451,421**

3.5.4 Financial derivative hedges: gross positive and negative fair value

		Positive and negative fair value - Total 31.12.2020				Positive and negative fair value - Total 31.12.2019				Change in value used to identify	
Type of derivative		Over the counter - Central counterpart	Over the counter - Without central counterpart - With netting agreements	Over the counter - Without central counterpart - Without netting agreements	Organised markets	Over the counter - Central counterpart	Over the counter - Without central counterpart - With netting agreements	Over the counter - Without central counterpart - Without netting agreements	Organised markets	Total 31.12.2020	Total 31.12.2019
1.	**Positive fair value**		**90,202**				**88,039**			**90,202**	**88,039**
	a) Options										
	b) Interest rate swaps		90,202				88,039			90,202	88,039
	c) Cross-currency swaps										
	d) Equity swaps										
	e) Forwards										
	f) Futures										
	g) Other										
	Total		**90,202**				**88,039**			**90,202**	**88,039**
	Negative fair value						**-2,248**				**-2,248**
	a) Options										
	b) Interest rate swaps						-2,248				-2,248
	c) Cross-currency swaps										
	d) Equity swaps										
	e) Forwards										
	f) Futures										
	g) Other										
	Total						**-2,248**				**-2,248**

Section 4. Information on equity

4.1.2 Quantitative information

Items/Values	2020	2019
1. Capital	**836,384**	**836,384**
3. Reserves	**(68,453)**	**(82,539)**
- profit reserves	(48,145)	(73,400)
a) legal	873	873
d) other	(49,018)	(74,273)
- Other reserves	(20,308)	(9,139)
of which Reserve, article 47 Decree Law 19/5/2020	*(20,456)*	
5. Valuation reserves	**720**	**(2,855)**
- Actuarial gains on severance indemnities	*(2,730)*	*(2,493)*
-Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
-Valuation reserves for equity investments measured at fair value through other comprehensive income	*3,450*	*(362)*
7. Profit (Loss) for the year	**36,897**	**14,215**
Total	**805,548**	**765,205**

4.1.2.2 Valuation Reserves for Equity instruments at fair value through other comprehensive income: breakdown

Assets/Values	Total 2020		Total 2019	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	732		46	(2,660)
2. Equity securities	887	(198)		
3. Financing				
Total	**1,619**	**(198)**	**46**	**(2,660)**

4.1.2.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: annual change

		Debt securities	Equity securities	Financing
1.	**Initial balance**	**-2,613**		
2.	**Positive changes**	**9,236**	**887**	
	2.1 Fair value increases	8,918	887	
	2.2 Value adjustments for credit risk	318		
	2.3 Negative reserves carried to the profit and loss account			
	2.4 Transfers to other equity components (equity securities)			
	2.5 Other changes			
3.	**Negative changes**	**5,891**	**198**	
	3.1 Fair value decreases	9	198	
	3.2 Write-backs for credit risk			
	3.3 Positive reserves carried to the profit and loss account	5,882		
	3.4 Transfers to other equity components (equity securities)			
	3.5 Other changes			
4.	**Closing balance**	**732**	**689**	

INFORMATION ON REGULATORY CAPITAL

The disclosure for regulatory capital is not applicable.

Section 5 – Analytical statement of comprehensive income

	STATEMENT OF COMPREHENSIVE INCOME	2020
10.	**Profit (Loss) for the year**	**36,897**
	Other income, net of taxes not reclassified to profit or loss account	
70.	Defined benefit pension schemes	(236)
90.	Portion of valuation reserves for equity investments measured at equity	3,811
	c) other changes	*3,811*
	Reserve Article 47	(20,456)
	Other income components, net of taxes, reclassified to profit or loss account	
190.	**Total of other comprehensive income, net of taxes**	**(16,881)**
200.	**Consolidated comprehensive income (Items 10 + 190)**	**20,016**
210.	**Consolidated comprehensive income attributed to non-controlling interests**	
220.	**Comprehensive income attributable to the parent company**	**20,016**

Section 6 - Related party transactions

The scope of natural and legal persons having the characteristics compliant with the definition of related parties in relation to the consolidated financial statements has been defined on the basis of information provided in IAS 24, appropriately applied with reference to the specific organisational structure and governance of the Agency.

In particular, the following are considered to be related parties:

Entities exercising significant influence on the Company

The company has a sole shareholder, the Italian Ministry of Economy And Finance. In this regard, in accordance with local regulations, shareholder's rights with reference to the Agency shall be exercised by the Minister of Economy And Finance, in agreement with the Minister of Economic Development.

It follows that, for operational purposes, the following are to be considered as related parties: the Italian Ministry of the Economy, the Italian Ministry of Economic Development, all subsidiaries controlled by the Ministry of the Economy, any other in house companies of the Ministry of Economic Development.

Subsidiaries

These are companies over which the Agency directly or indirectly exercises control as defined by IFRS 10.

Associate companies

These are companies over which the Agency directly or indirectly exercises substantial influence as defined by IAS 28.

The Management team vested with strategic responsibilities and supervisory bodies

Key management personnel vested with strategic responsibilities are 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. In the Agency, in addition to the Board of Directors, "***strategic responsibility***" is attributed to the organisation's top-level managers.

6.1 Information on the remuneration of managers vested with strategic responsibility

The following provides information on the remuneration paid in the year 2020 to managers vested with strategic responsibilities, as required by IAS 24, which requires inclusion of the remuneration paid to members of the Board of Auditors.

information on the remuneration of managers vested with strategic responsibility	
a) short-term benefits	3,617
b) post-employment benefits	966
of which related to defined benefit plans	-
of which related defined contribution plans	*966*
c) other long-term benefits	-
d) employment severance indemnity	-
e) payments in shares	-
Total	**4,583**

Intra-group relationships

As discussed elsewhere in these Notes to the Financial Statements and the Directors' Report on Operations, the reorganisation plan is still under way, nevertheless, intra-group transactions continued without interruption for the entire year. In this regard, it should be noted that, within the Group, the relationships between various its financial players are based on criteria of centrality with regard to fundamental tasks of governance and control, supplemented by those of guidance and assistance, in the form of advice on legal, economic, organisational and resource management. On the other hand, individual companies are entrusted with the mission of handling various kinds of products and services.

Transactions with related parties, including intercompany transactions, are not qualified as atypical or as unusual, they are part of the daily ordinary daily business activities of the Group's companies. The financial effects associated with these relations are regulated, as a rule, on the basis of the usual market conditions. In the case of services supplied by the parent company as part of the normal group synergies, the fees are determined with the goal of recovering at least the general and specific costs. Such transactions, when not settled at standard conditions or dictated by specific regulations, were in any case governed by market conditions. Any funding granted by the parent company to subsidiaries and associates on more favourable or interest-free terms were accounted for in accordance with IAS 39, as explained in the section "accounting policies".

6.3 Information on transactions with related parties

Transactions with related parties are duly reported, even if they are concluded under normal market conditions and also in cases where the amounts are not significant, since the relevance of the transactions is linked to the reasons which led to the decision to approve and conclude each related party the transaction.
The following information on related party transactions are broken down by type and counterparty:

Equity-related transactions

Company name	Financing	Loans [Receivables]	Financial assets	Other active transactions	Financial liabilities	Other passive transactions	Guarantees issued	Commitments to disburse commitments
Sole shareholder								
MEF	47							
Subsidiaries								
TRIESTE NAVIGANDO SRL	491	-	-	1,452	-	-	112	-
Companies subject to significant influence								
CDP VENTURE CAPITAL SGR S.P.A	-	-	-	912	435	81	-	-
GUSTAVO DE NEGRI & ZA.MA. SRL	864	-	-	-	-	-	-	-
MARINA D'ARECHI S.P.A.	14,191	-	-	88	-	-	-	-
TEKLA SRL	1,074	-	-	-	-	-	-	-
Other related parties								
ANAS						9		
BANCA POPOLARE DI BARI SpA				284	32	3		
CASSA DI RISPARMIO DI ORVIETO SpA				7	-	-		
BPBROKER SRL				1	-	-		
CDP - Cassa Depositi e Prestiti SpA	-	-	1,433	646	435	29,433	-	-
ENEA - National agency for new technology, energy and sustainable economic development	-	-	-	-	-	-	12	-
ENEL SpA- ENEL Distribuzione SpA	-	-	-	-	-	100,380	5	-
FINCANTIERI CANTIERI NAVALI ITALIANI SpA		664						10,000
Gruppo Poste Italiane SpA	-	3,163	-	-	285,408	31,757	-	-
GSE - Gestore dei Servizi Energetici SpA	-	-	-	3,719	-	-	-	-
Leonardo SpA								37
MED			118,714					
Monte dei Paschi di Siena SpA	-	97,416	-	-	-	-	-	-
OPEN FIBER SPA						146,748		
RAFFINERIA DI MILAZZO SCpA		10,460						
RAY WAY SPA		144						
RETE FERROVIARIA ITALIANA						14		
Sport e Salute	-	-	-	233	-	-	-	-

Financial transactions

	Interest	Commissions and fees	Administrative expenses	Other revenues
Subsidiaries				
TRIESTE NAVIGANDO SRL	2	-	-	-
Companies subject to significant influence				
CDP VENTURE CAPITAL SGR S.P.A	-	25	50	-
IP PORTO ROMANO SRL	-	-	10	-
LAMEZIA EUROPA SCPA	-	-	1	-
MARINA D'ARECHI SPA	469	-	140	-
TEKLA SRL EX MEXALL SISTEMI	46	-	-	-
Other related parties				
ANAS			17	
BANCA POPOLARE DI BARI SpA			284	
CASSA DI RISPARMIO DI ORVIETO SpA			7	
BPBROKER SRL			1	
CDP - Cassa Depositi e Prestiti SpA	185	-	-	-
FINCANTIERI CANTIERI NAVALI ITALIANI SpA	152			
ENAV				
ENEL DISTRIBUZIONE SPA	29		380	
EQUITALIA				
Gruppo Poste Italiane SpA	231	11	1,477	
OPEN FIBER SPA			145,247	
Poste Italiane SpA				
RAFFINERIA DI MILAZZO SCpA	22			
RAY WAY SPA	1			
RETE FERROVIARIA ITALIANA			71	
STUDIARE SVILUPPO				

Section 7 - Leasing

Qualitative information

This item includes the qualitative criteria required under IFRS 16, paragraph 59 as well as the disclosure pursuant to IFRS 16, paragraph 60.

Quantitative information

For this item, please refer to:

– information on rights of use acquired through leasing in Part B, Assets;

– information on leasing payables contained in Part B, Liabilities;

– information on interest expense for leasing payables and other charges linked to rights of use acquired through leasing, as well as gains and profits deriving from sale transactions and leasebacks in Part C.

Additionally, quantitative information is provided as required under IFRS 16, paragraphs 53, letter a) and 59 and information on commitments associated with short-term leases, if the conditions established under paragraph 55 of IFRS 16 are met.

Section 8 - Other information details

FEES PAID TO THE AUDIT FIRM

Below is the schedule of fees pursuant to Article 149-duodecies of the issuers' regulations.

Description of services	Company	The Parent Company	Subsidiaries	Total
Audit services	Deloitte & Touche S.p.A.	153	285	438
	Total	**153**	**285**	**438**

The fees indicated were paid to Deloitte & Touche S.p.A. These fees are net of expense reimbursements and non-deductible VAT.

SECTOR DISCLOSURE

The Agency's work is defined on the basis of provisions of law or contracts and agreements when expressly required by Public Administration bodies. In fact, as known, also according to the articles of association and in accordance with in-house regulations, over 80% of the company's turnover must produce in the performance of tasks entrusted to it on the basis of existing legislation, appropriate contracts and agreements referenced in ILD no. 1 of 9 January 1999 by the MED and other central government departments. Residual activities are permitted, subject to authorisation, only on condition that they achieve economies of scale or other efficiency benefits.

Consequently, the agency adopts a scheme which classifies activities in three categories (Incentives and Innovation, Public Investments, Operating Plans) that reflect purely organisational distinctions and do not characterise the nature of the operations. The latter are, however, all attributable to "in-house" assignments in the service of specific Public Administration needs, whose remuneration, while subject to conventional mechanisms, is always determined on a mere cost-compensation basis.

These characteristics lead to the conclusion, for the purposes of IFRS 8 disclosure, that the Agency does not operate according to actual operational sectors, i.e. diverse elementary corporate units capable of generating financially distinguishable consolidated budgetary effects and sustaining discretionary operational decisions (so-called management approach) in the allocation of resources related to distinct risks and returns.

Also for other consolidated Group companies, with the exception of the Banca del Mezzogiorno which is organised according to two business lines, there are no significant business characteristics worthy of classification by sector.

The following schedules show the contributions made to EBITDA in the consolidated financial statements by the individual companies, based on financial/operating reclassification, each one considered as a single operating sector with the noted exception of Banca del Mezzogiorno.
Consistent with the reporting structure, companies in disposal groups held for sale are not recorded separately, rather they are accounted for under a separate item.

Financial year 2020 Amounts in €/000	Agency	Infratel	Banca del Mezzogiorno	Invitalia Partecipazioni
Tangible fixed assets	40,607	139,771	17,066	8
Equity investments	955,373	0	430,600	12,517
Other intangible fixed assets	7,368	25,312	1,990	13
Financial fixed assets	1,202,861	1,534	3,232,016	-
Total net fixed assets	**2,206,209**	**166,617**	**3,681,672**	**12,538**
Inventories/works in progress	5,462	167,827	-	29,856
Loans [Receivables]	345,288	43,066	-	18,101
Receivables from parent company	-	1	2	6,224
(Payables)	(77,154)	(211,319)	-	(1,893)
(Payables to parent company)	-	(29,501)	(616)	(66,968)
Other, working capital	(40,928)	(526,399)	(11,187)	3,575
Total net working capital	**232,668**	**(556,325)**	**(11,801)**	**(11,106)**
Invested capital	**2,438,877**	**(389,708)**	**3,669,871**	**1,432**
Covered with				
Provisions for risks and charges	14,501	1,639	23,266	6,657
Severance indemnity provision (TFR)	6,678	1,820	2,797	127
Total provisions	**21,179**	**3,459**	**26,063**	**6,784**
Share capital	836,384	1,000	204,509	5,000
Reserves	476	700	523,847	(8,023)
Profit (loss) carried forward	(47,996)	7,607	-	(186)
Profit (loss) for the year	35,350	2,372	51,345	(2,113)
Total own equity	**824,214**	**11,679**	**779,700**	**(5,322)**
Financial payables to parent company	-	-	207,436	-
Financial payables	1,593,487	0	2,656,784	-
(Financial resources available from banks)	(4)	(404,846)	(112)	(31)
Net financial position	**1,593,483**	**(404,846)**	**2,864,108**	**(31)**
Total coverage	**2,438,877**	**(389,708)**	**3,669,871**	**1,432**

Financial year 2020 Amounts in €/000	Agency	Infratel	Banca del Mezzogiorno	Invitalia Partecipazioni
Income from services and other income	147,103	169,901	145,900	608
Net financial income	(1,600)	614	8,700	
VALUE OF OPERATIONAL PRODUCTION	**145,502**	**170,515**	**154,600**	**608**
External costs and operating costs	(34,046)	(158,820)	(20,000)	(3,190)
ADDED VALUE	**111,456**	**11,695**	**134,600**	**(2,582)**
Staff costs	(107,563)	(7,883)	(28,700)	(501)
GROSS OPERATING MARGIN	**3,893**	**3,812**	**105,900**	**(3,083)**

Annex A.1.

Changes in "financial assets held for trading"

amounts in €/000

Debt securities	Initial inventory	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Sales	Negative changes in fair value	Other negative changes	Closing Balance	Issuer risk rating		
										MOODY'S	S&P	FITCH
Public administrations												
BOT 12/03/21	-	4,455				(4,455)						
		4,455	**-**	**-**	**-**	**(4,455)**	**-**	**-**	**-**			
Banks												
BANCO BPM 08/03/2022		-	8	61	-	-	-	(61)	3,883	Ba2		
BANCO BPM 21/06/2024		-	37	29	-	-	-	(26)	2,134	Ba2		
BP SONDRIO 03/04/2024		-	117	90	-	-	-	(88)	5,272			BB+
ICCREA 21/02/20	2,029	-	-	-	(2,004)	-	-	(25)	-		BB	BB-
	13,151	**-**	**162**	**180**	**(2,004)**	**-**	**-**	**(200)**	**11,289**			
Total Debt securities	**13,151**	**4,455**	**162**	**180**	**(2,004)**	**-**	**-**	**(200)**	**11,289**			
Equity securities and UCITS units												
LU1353442574	6,021	2,000	-	-	-	(8,021)	-	-	-			
Total Equity securities and UCITS units	**6,021**	**2,000**	**-**	**-**	**-**	**(8,021)**	**-**	**-**	**-**			
Grand total	**19,172**	**6,455**	**162**	**180**	**(2,004)**	**(8,021)**	**-**	**(200)**	**11,289**			

'(1) Securities and UCITS units repaid and sold during the year generated total net profits of € 1,093,000, as broken down under item 80 - Net result from trading activities, in the Statement of Profit and Loss
'P: OTHER public entities
B: Banks
D: OTHER issuers

Annex A.2.

Changes in "financial assets at fair value"

Amounts in €/000

Financial Assets At Fair Value	Initial balance	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Other negative changes	Closing balance
CATTOLICA ASSICURAZIONI VITA INTERA	1,128	-	-	4	(1,132)	-	-
CATTOLICA ASSICURAZIONI VITA INTERA	1,128	-	-	4	(1,132)	-	-
CATTOLICA ASSICURAZIONI 14/4/2022	1,055	-	23	-	0	-	1,078
CATTOLICA ASSICURAZIONI 14/4/2022	1,055	-	23	-	0	-	1,078
CATTOLICA ASSICURAZIONI 14/4/2022	1,055	-	23	-	0	-	1,078
CATTOLICA ASSICURAZIONI 14/4/2022	1,055	-	23	-	0	-	1,078
CATTOLICA ASSICURAZIONI 14/4/2022	1,056	-	23	-	0	-	1,079
CATTOLICA ASSICURAZIONI 30/4/2023	1,029	-	21	-	0	-	1,050
PRAMERICA LIFE SpA	9,281	-	248	-	0	-	9,529
ITAS VITA	6,222	-	82	-	0	-	6,304
UNIPOL ASSICURAZIONI SPA	1,130	-	29	-	0	-	1,159
UNIPOL ASSICURAZIONI SPA	1,130	-	29	-	0	-	1,159
UNIPOL ASSICURAZIONI SPA	1,130	-	29	-	0	-	1,159
UNIPOL ASSICURAZIONI SPA	539	-	-	15	(554)	-	-
UNIPOL ASSICURAZIONI SPA	540	-	-	15	(555)	-	-
UNIPOL ASSICURAZIONI SPA	541	-	15	-	0	-	556
UNIPOL ASSICURAZIONI SPA	541	-	15	-	0	-	556
ALLIANZ GLOBAL LIFE DAC	2,787	-	-	-	(2,760)	- 27	-
ALLIANZ GLOBAL LIFE DAC	2,638	-	-	-	(2,616)	- 22	-
ALLIANZ GLOBAL LIFE DAC	2,553	-	-	-	(2,530)	- 23	-
HDI ASSICURAZIONI SPA	1,008	-	12	-	0	-	1,020
HDI ASSICURAZIONI SPA	1,993	-	24	-	0	-	2,017
HDI ASSICURAZIONI SPA	1,000	-	13	-	0	-	1,013
AMISSIMA VITA SPA	6,477	-	72	-	0	-	6,549
AMISSIMA VITA SPA	6,477	-	72	-	0	-	6,549
Total Investment Policies at Fair Value	**54,548**	**-**	**776**	**38**	**(11,279)**	**- 72**	**44,011**
Severance indemnity (TFR) investment policy	1,007	-	3	33	(139)		904
Total Financial Assets At Fair Value	**55,555**	**-**	**779**	**71**	**(11,418)**	**- 72**	**44,915**

Annex A.3.

Change "Other financial assets obligatorily measured at fair value"

amounts in €/000

Other financial assets obligatorily measured at fair value	Initial balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
UCITS units									
FONDO NEXT	1,309							(192)	1,117
FONDO NORDOVEST	432							(13)	419
FONDO ITALIA VENTURE I (*)	15,077	10,664		250	1,874				27,865
	16,817	**10,664**	**-**	**250**	**1,874**	**-**	**-**	**(205)**	**29,401**

(*) The shares of the fund in question are acquired with the financial resources of the Sustainable Growth Fund, consequently changes in fair value decrease the fund itself

Changes in Italia Venture II _Fondo Imprese Sud

amounts in €/000

Other financial assets obligatorily measured at fair value	Initial balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
ITALIA VENTURE II FUND - SOUTHERN ENTERPRISE	(70)	17,374		3,153				(2,860)	17,596
	(70)	**17,374**	**-**	**3,153**	**-**	**-**	**-**	**(2,860)**	**17,596**

Annex A.4

Change "Financial assets measured at amortised cost"

amounts in €/000

Debt securities	Initial inventory	Purchases	Positive changes	Write-backs	Repayments	Value Adjustments	Negative changes	Closing balance	level
Public administrations									
BTP 01/03/30 3.5%	23,145	-	240	8	-	-	(430)	22,963	1
BTP 01/09/2028 4.75%	13,475	-	175	5	-	-	(416)	13,239	1
BTP 15/10/2023 0.65%	2,967	-	16	1	-	-	(14)	2,970	1
BTP 15/11/24 1.45%	8,104	-	73	3	-	-	(78)	8,102	1
BTP 01/03/24 4.5%	5,647	-	75	2	-	-	(207)	5,517	1
BTP 01/04/2022 1.2		8,459	41	-	-	(1)	-	8,499	1
BTP 26/05/25 ICPI		1,911	3	-	-	-	-	1,914	1
CCTS EU 15/04/25	4,048	-	4	1	-	-	(25)	4,028	1
CTZ 29/11/21		4,424	33	-	-	(1)	-	4,456	1
REP OF ITALY CNP STRIP 20/2/31	1,532	-	37	-	-	-	-	1,569	2
Total	**58,918**	**14,794**	**697**	**20**	**-**	**(2)**	**(1,170)**	**73,257**	
Banks									
BANCO BPM 24/04/23 1.75%	4,030	-	51	-	-	(4)	(48)	4,029	1
BANCO BPM 27/07/20 2.75%	7,161	-	-	14	(7,093)	-	(82)	-	1
BANCO BPM 28/01/25 1.75%	4,005	-	66	-	-	(9)	(12)	4,050	1
BPM 29/01/21 TRIM	3,263	-	34	-	-	(3)	0	3,294	1
ICCREA 01/02/21	4,485	-	7	1	-	-	(4)	4,489	1
ICCREA 11/10/22 1.5%	6,286	-	21	2	-	-	(21)	6,288	1
UBI 17/10/22 0.75%	1,993	-	5	1	-	-	(3)	1,996	1
Banca Carige Tier II 2019-2029	9,252		67			(58)	(67)	9,194	3
Total	**40,475**	**-**	**251**	**18**	**- 7,093**	**(74)**	**(237)**	**33,340**	
Other financial companies								-	
CDP RETI 29/05/22 1.875%	1,445	-	16	1	-	0	(28)	1,434	1
CHEESETAKE SRL 19-20 ABS	489			11	(500)	0		- 0	
EBB 9/5/2028 TV	20,042		60			(17)	(58)	20,028	3
EBB EXPORT 17/7/2027	5,998		36			(2)	(3)	6,029	3
BSK CAMP 21/01/2029	-	48,725	83			(1,317)		47,491	3
GARIBALDI 7/30 TV	-	24,625	-			(202)		24,423	3
Total	**27,975**	**73,350**	**195**	**12**	**- 500**	**(1,538)**	**(89)**	**99,405**	
Non-financial companies									
TERNA 23/07/23 1%	1,251	-	6	-	-	0	(5)	1,252	1
OCTO GROUP S.p.A.17/12/2026	978		1			(9)	(1)	969	3
Total	**2,229**	**-**	**7**	**-**	**-**	**(9)**	**(6)**	**2,221**	
Total debt securities	**129,597**	**88,144**	**1,150**	**50**	**(7,593)**	**(1,623)**	**(1,502)**	**208,222**	

Annex A.5.

Equity investments - Annual changes

Company name	Initial balances Financial statements	Purchases	Write-backs	Other positive changes	Sales	Value Adjustments	Other negative variations	Closing balance
C. Companies subject to significant influence:								
CDP VENTURE CAPITAL SGR S.P.A.	1,684			85			(1)	**1,767**
CONSORZIO EX CNOW	1							**1**
LAMEZIA EUROPA SCPA	550						(550)	**(0)**
SICULIANA NAVIGANDO SRL	55			31		(86)		**0**
C.R.A.A. SRL IN LIQUIDATION	38							**38**
CFI - COOPERAZIONE FINANZA	643						(34)	**609**
ELA SPA IN BANKRUPTCY PROCEEDINGS	-							**-**
ELETTRA SINCROTONE TRIESTE S.P.A.	2,112			63				**2,175**
FINMEK SOLUTIONS SPA IN PROC. CONC.	-							**-**
FONDERIT ETRURIA in bankruptcy proceedings	-							**-**
IDC - ITALIAN DISTRIBUTION	-							**-**
ISTIT ENCICLOPEDIA TRECCANI	4,849	517	19	95				**5,481**
ITALIACAMP SRL - UNIPERSONALE	1							**1**
MARINA DI VILLA IGIEA SPA	430			15				**445**
MECCANO SCPA	78			11				**89**
SASSI ON LINE SERVICE S.C.								
SOCIETA' PER CORNIGLIANO SPA	1,361			201				**1,562**
TESS COSTA DEL VESUVIO								
TRADIZIONI DI CALABRIA (in bankruptcy proceedings)								
Companies acquired with third party funds:								
of which, with funds from Decree Law 142 of 2019								
BANCA POPOLARE DI BARI		430,000						**430,000**
of which, with funds from Law 205/2017								
INVITALIA GLOBAL INVESTMENT SPA	9,884						(262)	**9,622**
of which, with funds from Law 181/89 and subsequent	-							**-**
CATWOK SPA IN BANKRUPTCY PROCEEDINGS	-							**-**
CMS SRL IN BANKRUPTCY PROCEEDINGS	1,370							**1,370**
ELMIRAD SERVICE SRL IN LIQUIDATION	120							**120**
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	-							**-**
GUSTAVO DE NEGRI & ZA.MA. SRL	202							**202**
JONICA IMPIANTI SRL	278							**278**
MODOMEC BUILDING SRL	168				(168)			**-**
PERITAS SRL	326							**326**
PRO.S.IT. IN BANKRUPTCY PROCEEDINGS SRL	499							**499**
SALVER SPA	-				-			**-**
SICALP SRL IN BANKRUPTCY PROCEEDINGS	1,033							**1,033**
SIMPE SPA	3,600							**3,600**
SURAL SPA IN BANKRUPTCY PROCEEDINGS	253							**253**
TEKLA SRL	653							**653**
Total equity investments	**30,190**	**430,517**	**19**	**501**	**- 168**	**- 86**	**- 847**	**460,127**

Non-current assets and asset groups held for sale: information on equity investments

Annex A.6.

amounts in €/000

Company name	Percentage equity %	Value in financial
CONSORZIO MARINA DI PORTISCO	50.00%	10
I.T.S INFORMATION TECHNOLOGY SERVICES SPA	17.33%	300
IP PORTO ROMANO SRL	34.23%	74
MARINA DI ARECHI	40.00%	13,522
SALERNO SVILUPPO	20.00%	115
Total other companies		**14,020**

Annex A.7

Item 110 - Non-current assets, groups of assets held for sale

Company name	Initial balance	Positive changes	Negative changes	Revaluations	Depreciation / Impairment	Final inventory 31/12/2020
CONSORZIO MARINA DI PORTISCO	10	-	-	-	-	10
I.T.S INFORMATION TECHNOLOGY	300	-	-	-	-	300
IP PORTO ROMANO SRL	74	-	-	-		74
MARINA D'ARECHI	13,522	-	-	-		13,522
SALERNO SVILUPPO	100	15		-		115
TRIESTE NAVIGANDO SRL	53		- 53			-
Total other companies	**14,058**	**15**	**- 53**	**-**	**0**	**14,020**

Annex A.8.

Non-current assets and asset groups held for sale

Annual changes in financial assets available for sale

amounts in €/000

Company name	Initial balance	Increases	Decreases	Final balance
CALPARK	-	-	-	-
NATURAGEL in bankruptcy proceedings				
PATTO TERR. A T.C.	-	-	-	-
POLLINO SVILUPPO	-	-	-	-
Total for item 40	**-**	**-**	**-**	**-**

Consolidated non-financial statement 2020, prepared pursuant to Legislative Decree 254/2016 (integral part of the Directors' Report on Operations)

1 Methodological note - our path towards sustainability [GRI 102-1; GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-5; GRI 102-45; GRI 102-49; GRI 102-50; GRI 102-54]

Invitalia and the companies of the Group have begun the process of providing non-financial reporting to offer complete information about the Group's sustainability performance, describing the main areas in which it operates and how these are pursued transparently and systematically over the long-term, with attention constantly paid to individual and community well-being. Additionally, this non-financial reporting also complies with obligations relative to the non-financial disclosure required under Legislative Decree 254/16 and constitutes, in accordance with article 5, paragraph 3, letter b) of the same Decree, a specific section in the Report on Operations, in compliance with applicable regulatory requirements.

This document is one of the tools for dialogue with stakeholders, because it allows us to communicate what has been achieved during the year, in order to respond to expectations and share targets for improvement aimed at guiding activities towards shared growth objectives which are increasingly both ambitious and shared.

This consolidated non-financial declaration (hereafter, also the "Declaration" or "NFD"), for the Invitalia Group (hereafter, also the "Group"), published on an annual basis, was prepared in compliance with the Global Reporting Initiative Sustainability Reporting Standards issued in 2016 by the Global Reporting Initiative (GRI), using the GRI-referenced claim option. More specifically, the 2016 version was used with the exception of the GRI 207 Disclosure: Taxes and the GRI 403 Disclosure: Workplace health and safety, which respectively refer to 2019 and 2018. Additionally, downstream from materiality analysis, aspects connected to "Responsible supply chain management" were integrated, with reporting on GRI 308: Environmental assessment of suppliers and GRI 414: Social assessment of suppliers.

To assist readers in tracing information within the document, pages 72 and subsequent provide an index of GRI content, identifying the GRI indicators linked to all aspects identified as material. The data in this Declaration refer to financial year 2020 (from 1 January to 31 December). This NFD, approved by the Invitalia S.p.A. Board of Directors on 28 May 2021, can also be found on the website: https://www.invitalia.it/investor-relations/informazioni-finanziarie

Qualitative and quantitative information are taken from the IT systems of Group companies and a non-financial reporting system specifically implemented to satisfy the requirements of the Decree. Data is processed with specific calculations and, when indicated, with the use of estimates duly noted in the text.

The process used to define the contents of the Declaration are based on the principles established in the GRI Standards, that is: materiality, stakeholder inclusion; sustainability context; completeness; comparability; accuracy; timeliness; clarity; reliability/verifiability and balance.

These principles are those called for in the reference regulations and in the GRI Standard: the issues dealt with in the Declaration are those which, after materiality analysis and assessment, are deemed relevant, in terms of their ability to reflect the social and environmental impacts of the Group's activity or to influence the decisions of stakeholders. A detailed overview of the indicators reported on can be found in the Index of GRI content, which provides an in-depth description of all the issues discussed in the document.

The Declaration is also subject to a limited review ("limited assurance engagement" based on the criteria indicated in standard ISAE 3000 Revised) by Deloitte & Touche S.p.A. Upon completion of this review, the auditing firm issued a specific report regarding the compliance of the information provided in the Consolidated Non-Financial Declaration with respect to the requirements of the Decree and the GRI Standard used.

The scope of reporting

The scope of reporting is periodically updated on the basis of the evolution of the structure and in relation to the strategic nature of the company's mission.
This scope (hereinafter referred to as the Group) includes the following companies, in line with the structure of the consolidated financial statements:

- INVITALIA (hereafter also the Agency or the parent company) is the national agency for the attraction of investments and enterprise development and its sole shareholder is the Ministry for Economy and Finance, which exercises its rights in agreement with the Economic Development Ministry, which, in turn, directs and controls the Agency itself. It acts on a mandate from the Government and operates mainly in Italy to boost the country's economic growth and to re-launch crisis areas, to increase territorial competitiveness (especially in the South) and to support fields of strategic development employment. INVITALIA's registered offices are located in Rome, Via Calabria No. 46 - 00187, with operational offices in Via Pietro Boccanelli No. 30 - 00138 and Viale America No. 201 - 00144 (the latter at the offices of the Ministry of Economic Development).
- INFRATEL SpA: The company's mission is to create organic integrated broadband infrastructure throughout Italy and eliminate the digital divide between different areas of the country. The company, 100% controlled by INVITALIA, has its registered offices in Rome, in Viale America 201 – 00144 (at the offices of the Ministry of Economic Development).
- BANCA DEL MEZZOGIORNO-MEDIOCREDITO CENTRALE SpA (hereafter, also MCC) is a development bank which supports the country's entrepreneurial and economic structure, in particular in southern Italy, facilitating access to credit for businesses, especially SME, and supports investments for production and research and development, implementing public policies to support the productive system. The company is 100% controlled by INVITALIA, and has its offices in Rome, Viale America 351 - 00144. Note that in line with the structure of the consolidated financial statements, data and information relative to Banca Popolare di Bari and Cassa di Risparmio di Orvieto, subsidiaries of Mediocredito Centrale, are not included;
- INVITALIA PARTECIPAZIONI S.P.A. (hereafter, also IP) is the company that manages the equity investments of the Invitalia Group. Its mission is to manage, sell or liquidate equity investments no longer deemed strategic, implementing the reorganisation plan prepared by Invitalia and approved by the Ministry of Economic Development. The company, 100% controlled by INVITALIA, has its registered offices in Rome, in via Calabria, 46 - 00187 and its operating offices also in Rome, at Via Pietro Boccanelli 12/30 – 00138.

The following companies, which are not consolidated on a line by line basis, are not included in the scope of reporting:

- Italia Turismo - currently in the process of being disposed of, as approved in December 2017 and not yet completed;
- Marina di Portisco, the company is currently being disposed of.

Any other limitations on the scope of specific data and information are duly identified in the text.
With regards to the Commissioner Structure for the COVID-19 emergency, note that this report does not contain any specific details, in line with other contracts managed by the Agency.

The Non-Financial Statement

With reference to point (e) respect for human rights, it should be noted that the Group (as a governmental body of the Economy and Finance Ministry, which operates under the coordination and control of the Economic Development Ministry) operates in compliance with the rules of the Italian and international legal systems. In particular, it acts in compliance with current legislation on the protection and promotion of human rights, in line with the obligations undertaken at international level in terms of support for civil, political, economic, social and cultural rights. By way of example, we highlight the fight against racism, xenophobia and all forms of intolerance, discrimination, including that based on sexual orientation and gender identity, the promotion of the rights of persons with disabilities, education on human rights and the promotion of freedom of opinion and expression. In this regard, recall the Code of Ethics, adopted by all the companies, which formalises the set of corporate values and at the same time identifies all the rights and duties which must be honoured by both the internal staff and all the subjects that interact with the Agency, such as for example, shareholders, collaborators, consultants, agents, partners and the Public Administration.

2 Group stakeholders and materiality analysis [GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-46; GRI 102-47]

Materiality analysis arises from the need to identify and develop issues relevant to management and to stakeholders with respect to the economic, environmental, social and cultural impact that business activities generate inside and outside the organization. In particular, through the materiality matrix, the Group provides a picture of the company priorities with respect to the expectations expressed by the stakeholders.

Stakeholder engagement

Starting in 2017, a process of active stakeholder involvement was launched in a structured and in-depth manner. The intent is to ensure that all stakeholders may be heard and that their expectations may be adopted as company strategies.

Stakeholder engagement carried out by the Group calls for two main stages:

1. identification of key stakeholders for the Group;
2. definition of drivers to be considered, to assign priority to each category of stakeholder.

The initial stake of **identifying key stakeholders for the Group** was carried out by an internal work group which is representative of the Group's workforce. The analysis made it possible to identify 10 categories and over 31 sub-categories of stakeholders relevant to the Group.

#	CATEGORIES	SUB-CATEGORIES
1	System of governance and control system	Control system
		Governance system
		Ratings agencies
2	Human Resources	Employees
		Union representatives
		Other forms of association
3	Environmental stakeholders	Invitalia environmental impact intermediaries
		Subjects involved in environment-related activities
4	Suppliers	General suppliers
		Specialist suppliers
5	Clients	Other institutions and partners
		Central Public Administrations
		Data recipients
6	Beneficiaries	Central Public Administrations

#	CATEGORIES	SUB-CATEGORIES
		Local Public Administrations
		Companies and associations
		Individual beneficiaries
		Indirect beneficiaries
7	Associations	Professional associations
		Associations of citizens
		Associations of institutions
8	Media	Journalists
		New Media
		Traditional Media
		Users
9	Local communities	Local public actors
		Municipalities involved in Invitalia projects
		Civil society
		Local economic subjects
10	Competitors	Private competitors
		Public Competitors

During the second stage, criteria were identified to **be considered** when assigning priority to each category of Stakeholder:

1. ability of the stakeholder to influence the Group's activities/strategies;
2. degree of stakeholder interest in the Group's activities;
3. ability of the stakeholder to influence the Group's reputation.

For each of the above criteria, a specific relevance factor was identified: *low, medium, high*, for the first driver and *significant, normal and marginal*, for the second and third drivers. This made it possible to consider all stakeholders with high or significant relevance, as representatives of all the categories with which communication and dialogue began, using diverse approaches (bilateral and multilateral).

Additionally, dialogue was begun with a panel of key stakeholders to identify their expectations and include these in the company strategy.

Materiality analysis

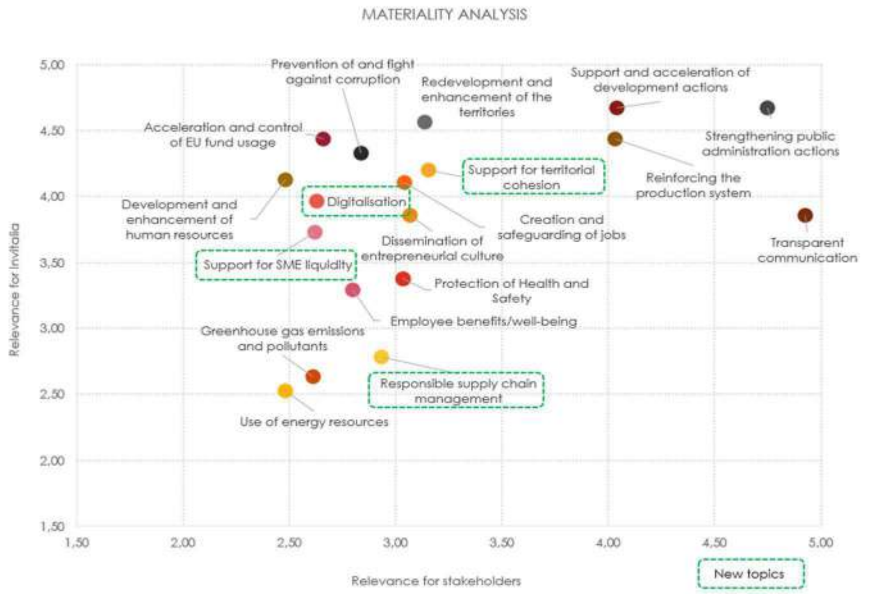
Materiality analysis, carried out each year by analysing the external context (benchmarks, press release analysis, stakeholder dialogue) and internal context (company documents, changes in internal activities and structures, scope, etc.) was updated for the year 2020 with the involvement of **Group management**, who play a key role in implementing social responsibility policies and initiatives within the Group.

The update of materiality analysis began with assessing the material issues previously identified. This analysis involved **11 representatives from Group management** who, through a specific questionnaire, were able to provide their own evaluations providing a dual view:

- Invitalia Group perspective: defined by classifying the issues proposed based on four levels of relevance (Priority, Relevant, Ordinary, Residual);
- Key stakeholder perspective: defined by determining the 3 most important issues for each category of stakeholder. At the same time, the degree of relevance for each stakeholder was assessed, determining their ability to influence Group activities/strategies and their level of interest in these activities.

The analysis led to the confirmation of 14 of the issues reported on in the 2019 NFD, and the addition of 4 new issues within the range of issues relevant to the Group:

- Responsible supply chain management;
- Digitalisation;
- Support for territorial cohesion;
- Support for SME liquidity.



Significant topics	
Greenhouse gas emissions and pollutants	Support and acceleration of development interventions
Use of energy resources	Reinforcing the production system
Protection of Health and Safety	Acceleration and control of EU fund usage
Dissemination of entrepreneurial culture	Prevention of and fight against corruption
Employee benefits/well-being	Creation and safeguarding of jobs
Redevelopment and enhancement of the territories	Responsible supply chain management
Strengthening public administration actions	Digitalisation
Transparent communication	Support for territorial cohesion
Development and enhancement of human resources	Support for SME liquidity

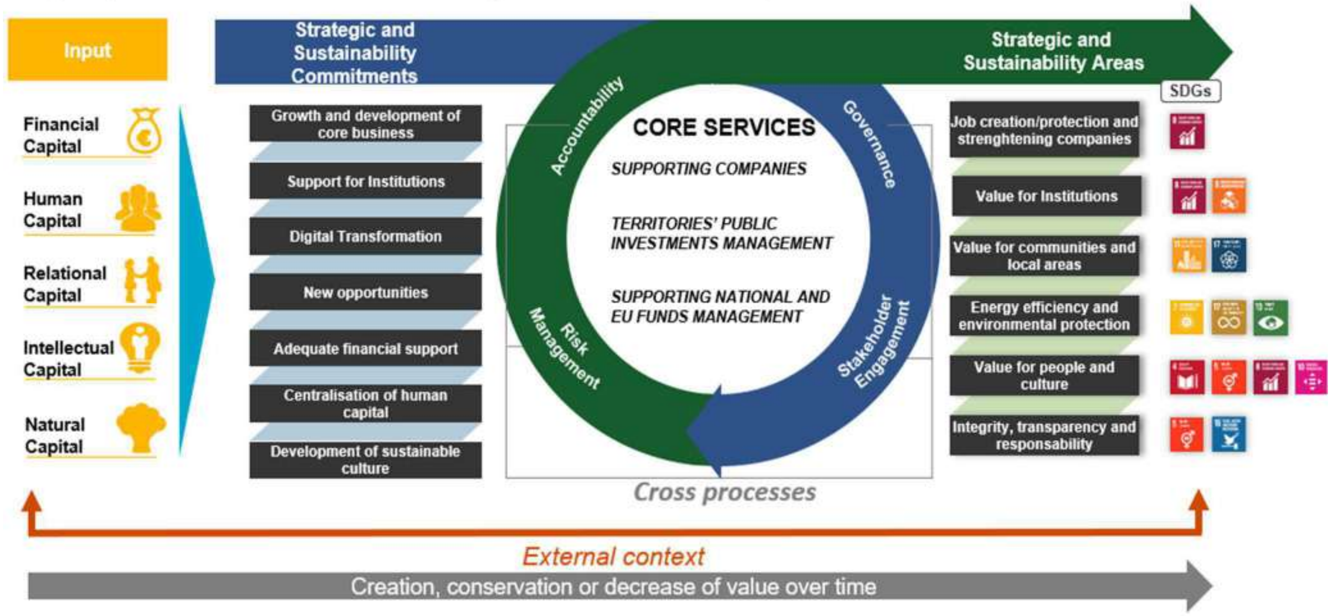
For more details on the Global Reporting Initiative (GRI) standards associated with each material theme, please refer to the Correlation Table for Legislative Decree 254/2016 and GRI content.

The materiality matrix and the new significant topics were shared with and approved by the Board of Directors on 29 April 2021.

The review phase is intended as a preparatory activity for the next reporting cycle, with the aim also of submitting the results of the analyses undertaken, updated in the following year, as part of specific stakeholder engagement activities.

3 Business model

The process of creating value over time is based on a business model which above all develops the capital available to the Group, as well as determining strategic guidelines, while simultaneously allowing it to pursue environmental, social and economic objectives associated with the United Nations Sustainable Development Goals (SDGs). Below is a flowchart which indicates the path taken from input (capital) to contribute to the SDGs, obtained through the core services provided by the company and the definition of Strategic and Sustainability Areas.



Additionally, definitions of the five inputs identified are provided, as proposed in the IR Framework and interpreted for Invitalia.

Capital	Definition
Financial	This refers to all the funds an organisation can make use of to produce goods or provide services. *Invitalia distinguishes itself by managing national incentives intended to create new businesses, project financing and offering services to public administrations to accelerate spending of EU and domestic funds and to develop cultural assets.*
Human	The skills, abilities and experience of people and their motivation to innovate. *Invitalia implements organisational development projects to support the process of business transformation, also through increasingly effective allocation of internal resources, implementation of individual development paths and the acquisition of the best resources available on the labour market, in terms of their skills.*
Relational	Institutions and relationships between and within communities, stakeholder groups and other networks, as well as the ability to share information to improve individual and collective well-being. *For Invitalia, the ability to create relationships is a fundamental tool in achieving its goal of supporting the development of businesses, while supporting local competitiveness and public administrations.*
Intellectual	This refers to intangible assets consisting of organisational capital and the value of knowledge (e.g. intellectual property, patents, copyrights, software, rights, licenses, etc.).

	Invitalia is involved in the development of proprietary platforms to manage incentives, public investments and apps. Additionally, the company has developed numerous procedures to ensure administrative provisions are implemented with the utmost transparency.
Natural	All those processes and environmental resources, whether renewable or not, that provide goods and services for the past, present and future success of an organisation. *Invitalia is committed to improving energy efficiency and protecting the environment, also by reclaiming abusive landfills, through consulting provided to Ministries, Regions and Municipalities.*

Additionally, reconciliation was done between the Strategic and Sustainability Areas and the material issues identified in 2020. To the side is the definition of the material issues.

Strategic and Sustainability Areas	Material issues	Definition of material issues
Integrity, transparency and responsibility	Prevention of and fight against corruption	Preventing and fighting active and passive corruption, inspired by the highest standards in terms of ethics, integrity and compliance with laws and regulations, to guarantee company operations are entirely correct and transparent.
	Transparent communication	Communicating effectively in line with regulatory requirements for transparency, to establish and maintain channels for dialogue with all the Group's main stakeholders.
	Responsible supply chain management	Managing the supply chain and procurement policies in a responsible manner, starting with the selection and evaluation of suppliers. This issue involves not just aspects of legality, transparency, correctness and quality, but also environmental and social aspects.
Value for people and culture	Employee benefits/well-being	Creating a health and stimulating work atmosphere, which puts employee interests at the centre of the company's strategy, implementing all available tools to support the well-being of people working within the Group.
	Development and enhancement of human resources	Constantly paying attention to developing employees, providing support for professional growth and making use of various company skills, guaranteeing equal and transparent access to development and training programmes that strengthen knowledge and further the professionalism required for various company positions.
	Protection of Health and Safety	Guaranteeing constant protection of health and safety within the workplace, in line with regulatory provisions, also through risk monitoring, personnel training and the definition of procedures that are in line with the best international operating practices and standards.

Strategic and Sustainability Areas	Material issues	Definition of material issues
Energy efficiency and environmental protection	Greenhouse gas emissions and pollutants	Contributing to the reduction of GHG emissions and other pollutants through rational use of resources and energy, adopting sustainable labour practices and internal energy efficiency policies.
	Use of energy resources	Using energy resources responsibly, through a knowledgeable choice of an energy mix and implementation of energy policies that reduce consumption.
Job creation/protection and strengthening companies	Dissemination of entrepreneurial culture	Contributing to the spread of an entrepreneurial culture in cooperation with the academic and university sectors, making the Group's professional experience and tools available to support the development of businesses.
	Reinforcing the production system	Supporting the entrepreneurial system by financing investments that strengthen the production system, helping with R&D projects, promoting innovation and ensuring continuous improvement.
	Creation and safeguarding of jobs	Supplying loans and incentives to support the creation of new businesses/developing existing ones, to create jobs and/or protect existing ones, with special attention paid to SMEs operating in southern Italy.
	Support for SME liquidity	Managing programmes and implementing measures intended to guarantee liquidity and advantageous conditions to companies in crisis, to support investments and spending associated with normal business operations and other costs, with a special focus on projects aimed at environmental sustainability, technological innovation and maintaining jobs.

Strategic and Sustainability Areas	Material issues	Definition of material issues
Value for institutions	Strengthening public administration actions	Cooperating with the central public administration to implement development programmes, strengthen administrative abilities, optimise processes and provide support in transforming policies into concrete local actions. During 2020, the Group also played a key role, providing its technical and relationship know-how to support the public administration in managing the COVID-19 pandemic.
	Digitalisation	Developing innovative products and services able to meet market needs and consistent with the country's digital transformation process and the technological transition currently in progress, also through platforms to manage public incentives and investments.
	Acceleration and control of EU fund usage	Providing support for the planning, management and control of EU fund spending, with the objective of increasing spending capacity, increasing control over resources flows and monitoring proper allocation processes.
Value for communities and local areas	Support and acceleration of development interventions	Providing support for the scheduling, planning and management of public investments to develop local areas.
	Support for territorial cohesion	Supporting the public administration in implementing territorial cohesion projects, with the objective of reducing infrastructural and economic gaps between various areas of the country.
	Redevelopment and enhancement of the territories	Managing programmes and tools to develop local areas by remodelling and developing infrastructure to improve the efficiency of services, develop public assets and protect the environment.

The Strategic and Sustainability Areas are the foundation for the Invitalia Group's new Consolidated Non-Financial Declaration. At the beginning of each chapter, the methods the Group will use to pursue the areas identified are described, together with a summary of the relative material issues and SDGs.

4 Integrity, transparency and responsibility

In their activities to support the development of Italy, Invitalia and the companies of the Group centre respect for rules, correctness and transparency. This is realised through the adoption of the highest ethical and integrity standards and through compliance with laws and regulations both in company operations and externally.
Additionally, the company ensures responsible management of the supply chain by paying attention to quality, safety and social and environmental respect requirements, as well as guaranteeing that the values and procedures set out in the corporate Code of Ethics are respected, as a means of preventing corruption.
The material issues correlated with the Strategic and Sustainability Area "**Integrity, transparency and responsibility**" are:

- Prevention of and fight against corruption;
- Transparent communication;
- Responsible supply chain management.

4.1 Code of Ethics and Values [GRI 102-16]

Invitalia and its subsidiaries pursue their missions through corporate actions conducted with respect for the rule of law and the fundamental human rights, based on clear and transparent rules and in harmony with the external environment and with the goals of the community. The staff of the companies — in the performance of their duties — ensures the quality of services, the prevention of corruption, respect for the constitutional duties of diligence, loyalty, impartiality and service exclusively rendered in the public interest.
To this end, each of the Group companies has its own Code of Ethics which, in line with the principles of loyal and honest behaviour, is aimed at regulating corporate activity through behavioural norms. The Code of Ethics is an integral part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231 of 8 June 2001 - "Governance of the corporate liability of legal entities, companies and associations also without legal personality, pursuant to Article 11 of Italian Law 300 of 29 September 2000". The Codes of Ethics prepared for each company all refer to corporate values and highlights the rights and duties of all those who, in any capacity, work with the Group, indicating the rules of conduct to be observed in all dealings with subjects such as shareholders, employees, collaborators, consultants, agents, partners, the Public Administration and, in general, all entities linked by a working relationship. Each Group company provides all employees and collaborators with an adequate training and awareness programme on the content of the Code of Ethics and related issues.
The adoption of the Code of Ethics is the expression of an enterprise context in which the primary goal is to meet the needs and expectations of stakeholders through high standards of professionalism, the values promoted by the Group and the absence of illegal conduct.
Precisely in relation to values, it should be noted that in November 2017, the process of defining the Charter of Values was launched. The Group's identity is rooted in this Charter, both in relation to strategic decisions and in daily operations and it inspires the conduct of employees in relations with stakeholders.
The process began in 2017 with the establishment of an inter-departmental panel, consisting of a representative group of employees (40% women) from various backgrounds and in positions of varying levels. This panel was tasked with identifying values to be recognised as distinctive for the organisation in terms of identity and reputation; it identified and elaborated the Group's following guiding values: integrity, vision, passion, collaboration, impact. Each of these values underlies a series of behaviours and references, referenced below.

- INTEGRITY: transparency, responsibility, merit, protection, commitment, respect, correctness.
- VISION: strategy, action, development, result, innovation.
- PASSION: pride, belonging, strength, meaning, constancy, tenacity, social identity.

- COLLABORATION: participation, people, cohesion, sharing, partnership, communication, together.
- IMPACT: performance, efficiency, transformation, change, methods, monitoring.

Given that the creation of the Charter of Values is a process that, in order to be effective and credible, must take place with the greatest possible participation and agreement, the management involved the company staff for the purpose of sharing and representing the values.

4.2 Risks and policies enacted relative to the issues of Legislative Decree 254/2016

To comply with the requirements of Legislative Decree 254/2016, article 3, paragraph c, in the table below the Group has indicated the risks generated or suffered relative to the 5 areas outlined in the Decree (environmental, social, personnel, human rights, active and passive corruption).

Legislative Decree area 254/2016	Material issue for Invitalia	Risks generated or suffered	Policies enacted
Social Issues	Redevelopment and enhancement of the territories Support and acceleration of development interventions Reinforcing the production system Support for territorial cohesion Dissemination of entrepreneurial culture	-Non-compliance with legal requirements for the use of incentives by beneficiaries -Assignment of contracts to companies not eligible/appropriate to implement public investments -Non-compliance with schedules for the execution of investments -Non-compliance with schedules for the disbursement of incentives	Internal incentive management procedures: - Management of new opportunities - Management of incentives - Management of loans Management procedures for public investments and the Public Procurement Code: - Design and monitoring of the execution of Works - Management of central purchasing body services - Project management - Verifications for project validation
	Responsible supply chain management	- selection of suppliers not in compliance with the law and the Group's Code of Ethics	Internal procedure for procurement of goods and services.
Personnel issues	Development and enhancement of human resources	No particularly significant risk profiles have been identified in the areas related to human resources management.	The policies applied to personnel management are described in the following documents: - National collective labour contract (CCNL) and agreement hypotheses; - Code of Ethics; - Organisation and Management Model; - Personnel Recruitment, Selection and Hiring; - Diversity & Inclusion Principles Declaration.

Legislative Decree area 254/2016	Material issue for Invitalia	Risks generated or suffered	Policies enacted
	Employee benefits/well-being	Relative to employee well-being, there could be compliance risks linked to execution of the provisions contained in the CCNL.	Welfare Actions - Regulations for the Company Welfare Plan; - Well-being Agreement.
	Protection of Health and Safety	Risks associated with worker health, including those linked to COVID-19.	- Workplace Health and Safety Management System (WHS); - Workplace Health and Safety Management System Manual; - Management of non-compliances, corrective actions and preventive actions (WHS); - Hazard identification, risk assessment and determination of controls; - Investigation of accidents; - Performance measurement and monitoring; - Additional COVID-19 protocols.
	Protection of Health and Safety	In exercising its functions, the Group does not generated significant impacts outside of the organisation. Internally, however, in compliance with current legislation and the 231/01 organisational model, the Group ensures the protection of health and safety by means of rules and procedures which are discussed in detail in the paragraphs concerning workforce management.	
Environmental issues	Use of energy resources	Given the segment in which the Company operates, (the tertiary sector), environmental risk profiles are not applicable.	Since the Group's activities do not produce significant external impact, it is not considered necessary to implement a formalised policy for the management of environmental issues. Nevertheless, the Group confirms its commitment to the implementation of strategies and initiatives aimed at promoting the responsible use of energy sources and containing the impact and consumption of its facilities.
	Greenhouse gas emissions and pollutants		
Corruption prevention	Prevention of and fight against corruption	The risks associated with corruption are outlined in the Legislative Decree 231 Model (Crimes against public administration, Corporate offences, Crimes for terrorism, subversion of the democratic order and organised crime) and in Italian Law 190 of 2012.	The policies practised in the fight against corruption (active and passive) are regulated within the following documents: - Code of Ethics; - Organisation, Management and Control Model; - Corruption Prevention and Transparency Plan (updated annually);

Legislative Decree area 254/2016	Material issue for Invitalia	Risks generated or suffered	Policies enacted
			- Management of Corruption Reports, Irregularities and Offences.
Human Rights	-	The Group acts in accordance with the Country's legal system and in compliance with current legislation on the protection and promotion of human rights in line with the obligations undertaken at international level on the support of civil, political, economic, social and cultural rights.	

4.3 The internal control system and the fight against both active and passive corruption [GRI 102-17]

Invitalia's internal control system is all the rules, procedures and organisational structures that the company has established to allow it to operate in a rational and correct manner, consistent with its pre-established objectives, by adequately identifying, measuring, managing and monitoring its main risks. In addition to protecting equity, an effective internal control system also helps to guarantee efficiency and effectiveness in company operations, reliability in accounting and management data and compliance with laws and regulations. This system is subject to verification and revision over time, to constantly ensure it is appropriate to handle the main risk areas linked to company activities, in relation to the features of the sectors it operates in and its organisational structure, also as a function of changes to the law and regulations.

The Invitalia Board of Directors and those of the companies of the Group, given their responsibility for the internal control system, have defined fundamental guidelines for the organisational, administrative and accounting structure of the companies. In this context, they have also identified guidelines for the internal control system, so as to ensure the main risks for the companies are identified, measured, managed and monitored, ensuring the system is adequate, effective and functional, so that the main risks are properly identified and managed. Additionally, they have defined the organisational structure of the companies, ensuring that tasks and responsibilities are allocated clearly and appropriately, especially with regards to delegation mechanisms.

Invitalia's internal control system includes the following levels:

- first level controls - intended to ensure proper execution of operations; these consist of checks carried out by the individual who executes a given activity, as well as by the individual responsible for direct supervision, generally within the same organisational unit;
- second level controls, assigned to Operating Controls, the Financial Reporting Officer, the WHS Officer, the Corruption/Money Laundering Prevention and Compliance Office and the Data Protection Officer, intended to identify, measure, monitor and manage risks linked to specific activities, in line with the reference regulations and the risk strategies and profile identified by the Board of Directors;
- third level controls, assigned to the Internal Auditing function, intended to determine the effectiveness and adequacy of the overall internal control system, as well as to identify any anomalous behaviour and/or violations of internal procedures and regulations.

In particular, with regards to first level controls, note that the function managers, or the Process Managers, serve as the first line in combating the risk of committing crimes and, consequently, they report directly to the Supervisory Body and the Corruption Prevention and Transparency Officer, relative to their respective areas, for all reporting and control activities. These Managers are responsible for:

- monitoring the regular execution of operations on which they report;
- ensuring these processes are carried out in line with the codes of conduct, in compliance with that established in internal regulatory documents and applicable rules and with respect for the principles of transparency and traceability;
- guaranteeing that the individuals involved in the process carry out all the controls for the underlying activities defined in organisational procedures and in general and specific prevention protocols;
- informing and, in cooperation with the Organisation function, training workers and direct reports relative to the risks of crimes associated with the activities carried out and the prevention measures established;
- contributing to analysing and updating possible risks relative to their areas;
- promptly informing the Supervisory Body and the Corruption Prevention and Transparency Officer if any relevant situations arise with regards to the effectiveness of prevention protocols and periodically with regards to trends in their area of responsibility, without prejudice to the requirement to promptly report any illegal actions, violations, derogations, anomalies or atypical aspects that may be identified with respect to the determinations found in the Code of Ethics and the Organisational Model and all events, deeds or omissions which could impact compliance with the same.

With reference to second level controls, the various managers indicated above are also called on to identify, measure, monitor and manage all risks linked to there areas of responsibilities, including processes and systems, in compliance with the risk strategies and profile identified by the Board of Directors. In particular, they are called on to verify compliance with the requirements under the law and under internal regulations, as in the case of the Financial Reporting Manager, whose checks are intended to support their certification of the corporate accounts based on the provisions of the Law. Third level controls, which are assigned to Internal Auditing, are mainly intended to assess the functioning and adequacy of the overall internal control system, as detailed above. In particular, the Internal Audit function:

- prepares an Process Audit Plan on an annual basis, relative to the processes included in the Model in relation to risk, submitted to the Chairman and the Managing Director for approval, and validated by the Supervisory Body, after implementing requests received from the various managers responsible for second level controls;
- carries out audits, in compliance with that planned and based on international audit standards, directly or through groups of independent qualified auditors with adequate knowledge of Invitalia's processes and organisation;
- formalises the results of its audits by preparing reports which indicate any critical issues/non-compliances identified and the relative recommendations/corrective actions suggested; the results of audits are communicated to the Chairman and the Managing Director and, as appropriate, to the Supervisory Body, the Corruption Prevention Officer, other second level control managers and the relevant functions.

The internal control system is completed and strengthened by the Organisation, Management and Control Model, prepared in compliance with Legislative Decree 231/01 and updated with regards to the corruption prevention regulations contained in Law 190/2012 and all other relevant regulations (money laundering, workplace safety, administrative/accounting disclosures, data protection, etc.). It is structured with a section that describes the general internal control principles and another section that indicates all the control protocols and organisational procedures, describing the

processes, crimes which could theoretically be committed within these and the control activities implemented to avoid the risks.
More specifically, the Supervisory Body is responsible for:

- verifying the adequacy of the Model, that is its ability to prevent the occurrence of illegal behaviour;
- verifying the effectiveness and efficacy of the Model, also through Internal Audit and/or external individuals who are qualified, autonomous and independent, achieved by verifying the consistency between concrete behaviour and the model (verifying effective functioning and compliance with the individual steps identified in protocols and procedures);
- monitoring the implementation and compliance with the protocols and measures contained in the Model by function managers and recipients.

The Board of Statutory Auditors supervises the various levels of internal control, responsible for ensuring the overall functioning of each main organisational areas. In particular, this body carries out the audit tasks assigned to it by the law, verifying the correctness of accounting procedures and assessing the degree of efficiency and adequacy of the internal control system, in particular with regards to risks and the functioning of Internal Audit and the accounting system. In carrying out the activities assigned to it, the Board of Statutory Auditors also takes into account indications found in periodic reports and/or any ad hoc reports produced by the Supervisory Body and the Corruption Prevention Officer.
The Code of Ethics and the Model 231 are published in the "Transparency" section of Invitalia, Infratel Italia, Invitalia Partecipazioni and Mediocredito Centrale's institutional websites.
In accordance with the provisions of Italian Law 190/2012 as amended, the Boards of Directors of Invitalia, Infratel Italia and Invitalia Partecipazioni have identified their respective Corruption Prevention and Transparency Officers [Italian acronym: RPCT] who, in accordance with the regulatory provisions, prepare the Plan and the report on the activities of prevention and fight against corruption undertaken, ensuring publication on the respective institutional websites.

4.3.1 The fight against corruption, both active and passive [GRI 205-2; GRI 205-3]

Prevention and the fight against corruption is one of the activities that the group and its stakeholders consider to be material.
For this reason, in accordance with the provisions of Law 190/2012 and the relative implementation decrees, the National Corruption Prevention Plan and ANAC decisions, the Boards of Directors of Invitalia, Infratel Italia and Invitalia Partecipazioni have identified their respective Corruption Prevention and Transparency Officers [Italian acronym: RPCT] who, in accordance with the regulatory provisions, prepare the Corruption Prevention and Transparency Plan [Italian acronym: PPCT] and the report on the activities of prevention and fight against corruption undertaken, ensuring publication on the respective institutional websites.
In consideration of the close connection between the measures adopted pursuant to Italian Legislative Decree No. 231/01 and the National Corruption Prevention and Transparency Plan (hereinafter CPTP), the functions of the Corruption Prevention and Transparency Officers are performed in constant coordination with those of the Supervisory Body (hereinafter SB), a collegial body endowed with autonomy and independence tasked with monitoring the functionality and observance of the Organisation, Management and Control Model and ensuring that it is updated.
As a result of the integration of the Model 231 and the anti-corruption system implemented by the Group, also pursuant to the "New guidelines on matters of transparency and the prevention of corruption addressed to private companies and entities in which public administrations and public financial entities have an investment or controlling stake" (ANAC ruling 1134/2017), the functions of the Corruption Prevention and Transparency Officers and the Supervisory Body are constantly coordinated, while still respecting the different roles assigned to them under the relevant regulations, and they actively participate in risk management processes, considering risks and actions inherent

to preventing corruption and ensuring transparency in the execution of its tasks, issuing opinions and proposals.
The CPO and SB, in application of this "systemic" approach, also promote the integration of specific anti- corruption protocols within the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/01 and the Code of Ethics, as well as sharing the results of the supervisory activities carried out.
As stated, the Corruption Prevention and Transparency Officers are responsible for annually updating the Plan and, in any case, any time there are significant organisational or process changes which make this necessary. It is submitted to the Board of Directors for approval, to ensure the Board is kept up to date on all initiatives undertaken and methods adopted to mitigate the risk of crimes of corruption.
The Recipients of the CPTP are the directors, the top management, the members of the control/supervisory bodies, the employees/collaborators, the auditors and, as applicable, the consultants and the holders of contracts for works, services and supplies.
The goal of the Plan is to mitigate and prevent the risk of corruption crime which may affect Invitalia, through the adoption of an Internal Control System integrated with the Model pursuant to Legislative Decree 231/01.
The concept of corruption that is taken as a reference for the definition of the Prevention Plans has a broad meaning, being inclusive of the various situations in which the abuse by a subject of the power/function entrusted to him can be found in order to obtain private benefits.
The relevant situations include not only the entire range of crimes against public administrations regulated in Book 2, Title 2, Chapter 1 of the Italian Penal Code, Articles 314-360, but also any situations in which — regardless of the criminal relevance — the administration is caused to malfunction due to the abuse of assigned roles for private interests.
An essential prerequisite for the preparation of the Plans is the analysis of the level of exposure to the risk of corruption of company activities, which is divided into the following phases:

- identification and mapping of areas at risk of crime and "sensitive" activities;
- analysis of the risk profile for each "sensitive" activity, by identifying the potentially feasible crimes and how illicit actions may be conducted;
- definition of prevention and control measures to monitor identified risks.

Communication and training for corruption prevention policies and procedures

With regards to the above theme, no specific training is envisaged for members of the governance body or for employees. However, information on this issue can be found on the company intranet and its institutional website.
With regards to issues relative to Legislative Decree 231/2001, two courses are provided:

- Italian Legislative Decree 231/2001 - Corporate liability regulations;
- Welcome Training - (workplace safety, real estate and procurement and Legislative Decree 231/2001).

Qualitative information is provided below.

Scope		
Invitalia, Infratel and Invitalia Partecipazioni		
Resources involved	ppl	348
% with respect to the total number of people involved	%	20%

With regards to the parent company, **the three-year plan for 2021-2023** was prepared following the instructions found in the NAP, issued by ANAC in November 2019. The "corruption prevention measures" established in the Plan, as well as preparatory activities to identify them (context analysis, process mapping, risk evaluation), can be summarised as follows.

- Control: specific checks on the operations and adequacy of the Internal Control System adopted by Invitalia will be performed, with compliance audits focussing on the application of control procedures and protocols which govern activities at risk of corruption. These audits will include identification of "anomaly benchmarks", currently operational for the business incentives, central procurement authority and purchasing areas. Relative to the latter area, the Plan will extend benchmarks to other company areas to which the anti-corruption regulations apply, including personnel selecting and hiring as well as acquisition of professional services, the credit management process, treasury and accounting.
- Employee training: the Plan will implement, as of 2021, training activities on specific issues pursuant to Italian Law 190/2012 and Italian Legislative Decree 231/2001, structured at two levels:
  - e-learning for all Invitalia personnel, following the design activities concluded during 2020;
  - classroom, for executives and managers of functions at the greatest risk of corruption, as well as for control functions, with specific training sessions differentiated on the basis of content and depth, in relation to the various roles held and issues faced, also intended to strengthen the policies, plans and tools used by Invitalia to prevent corruption; requests made by first level managers relative to risk self assessment are also implemented, prioritising training methods that use concrete examples and cases, above all relative to relationships with public administrations and private entities, conflicts of interest and relationships with the media (including social networks, websites and blogs used by employees/freelance workers).

In any case, over time organisational and process changes within the Plan will be evaluated if they become necessary, as well as further personnel training. Additionally, other specific areas within the company which are more exposed to the risk of crimes of corruption being committed will be identified.

- Non-transferability and incompatibility: checks will be carried out on the certifications issued each year by individuals granted "executive roles" by Invitalia, in order to ascertain an absence of convictions for crimes against public administrations or conflicts of interest represented by simultaneous or previous holding of roles or execution of specific activities.
- Extraordinary rotation: to be applied after the occurrence of corruption problems, so that if criminal or disciplinary proceedings begin relative to an employee for corruption, an assessment of the behaviour itself is assessed by the relevant functions, transferring the employee from the previous position or responsibility to another department or service, to protect the image and impartiality of the company. To ensure efficient and economical administrative actions, Invitalia has decided to make use of rotations, compatible with the operating efficiency and effectiveness of the various functions and, in any case, as an equally effective alternative to ordinary rotation, has decided to adopt "segregation of tasks" as a control measure, assigning various entities the tasks of: a) carrying out audits and investigations; b) making decisions; c) implementing the decisions made; d) carrying out checks.
- Whistleblowing: promote, through specific initiatives to ensure dissemination and information both on the company intranet and in the "transparency" section of the institutional website, the new whistleblowing platform (invitalia.segnalazioni.net), implemented for notification of actions or behaviours by employees, as well as all those who work and cooperate with Invitalia for whatever reason, including actions/behaviours not carried out, in contrast to laws, regulations, the Model and/or the Code of Ethics, or in any case relative to malfunctioning of

activities carried out by Invitalia, emphasising greater protection for the whistleblower (cryptography systems which impede immediate identification) and the importance of supporting a positive and trusting environment in which notification of violations is part of the company culture.

- Pantouflage: the law prohibits employees who, within the last three years, have had authorisation or negotiating powers on Invitalia's account from, in the three years subsequent to termination of the employee relationship, exercising work or professional activities with the entities which are the recipients of provisions, contracts or agreements stipulated with Invitalia, implemented through the same powers. Therefore, this will be added to the Code of Ethics, establishing:
  - the insertion of specific clauses in personnel hiring contracts, which explicitly prohibit pantouflage;
  - the requirement for personnel who, on the basis of delegated powers, have been granted specific authorisation or negotiating powers, to sign, when the service or task ceases, a declaration with which they undertake to comply with the prohibition of pantouflage, in order to avoid possible disputes with regards to awareness of the regulation;
  - in tender documents or in preparatory deeds for the assignment of work, the requirement for the economic operator to declare no work contracts have been stipulated or other assignments have been assigned to former Invitalia employees, in violation of the aforementioned prohibition;
  - that entities which have been found to be in the situation pursuant to the previous point be excluded from work assignment procedures.

The activities performed in 2020, substantially in line with that established in the previous Plan, included:

- the operational kick off of new continuous monitoring tools. The initial results obtained from identification of "anomaly benchmarks" created a sort of drive to increase the attention paid in specific activities in which these benchmarks arose, with specific checks either activated or scheduled in concert with the relevant company departments. Again with regards to controls, in 2020 19 audits were performed concerning the application of protocols and procedures related to various processes exposed to risks of crimes under Law 190/2012, as well as with regards to complying with safeguards referenced in the same law (checks on the declarations of non-transferability and incompatibility and on transparency obligations);
- With the appointment of the new Supervisory Body, in 2020 Invitalia strengthened its compliance with the Confindustria Best Practices and Guidelines, confirming the establishment of an ad hoc Supervisory Body, with multiple members who, in compliance with the new ANAC guidelines (ANAC Decision 1134/2017) include two external members and one internal member, who is the manager of the Internal Audit function. This composition, which removes the Corruption Prevention and Transparency Officer from the Supervisory Body makes it possible to combine the principle of responsibility, which the law reserves for the body which represents the entity, with the specific skills associated with external consultants, to make the body's activities more effective and penetrating;
- In 2020, the Whistleblowing Platform became fully operational (https://invitalia.segnalazioni.net/), including the insertion of a "whistleblowing" link on Invitalia's institutional homepage;
- A series of training courses were implemented in 2020 relative to areas impacted by corruption prevention regulations, more specifically:
  - classroom training sessions were provided to new hires on a monthly basis (around 158), held directly by the CPO and a member of the Supervisory Body, focussing on the Organisation, Management and Control Model; on-board training makes it possible to

increase awareness with regards to the content and extent of the principles, values and rules which should guide the actions of Invitalia employees; in particular, during these sessions employees were also made aware of the whistleblowing tool, emphasising the importance of promoting a positive and trusting atmosphere, in which notification of violations is part of the company culture;
- specific training sessions on issues relative to Law 190/2012;
- an advanced corporate liability regulations course, relative to Legislative Decree 231/2001, for 19 employees;
- two courses on regulatory updates relative to Legislative Decree 196/2003 - Personal data protection code and the new European Privacy Regulation 2016/679.

In 2020 only one whistleblowing report was received[5] which was assessed and then filed, given that there was no evidence to support it.

With regards to Infratel Italia, in 2020 monitoring was done with regards to the publication of data in line with specific publication deadlines (e.g. ineligibility/incompatibility declarations, approval of the financial statements, etc.) and of ad hoc reporting. This was also an opportunity for formal and informal conversations and communication with corruption prevention officers to obtain information and clarifications to ensure improved execution of the publications in question.

Operating audit activities are delegated to the parent company's Internal Audit function which again in 2020 carried out intensive audits on the basis of Infratel's Organisational Model, updated pursuant to Law 190/2012 and the Plan. More specifically, a total of 210 audits were carried out with reference to an observation period from 1 August 2019 to 30 April 2020 in relation to 12 items (2 protocols, 6 operating instructions and 4 procedures), including (with regards to corruption prevention):

- Contract awarding procedures;
- Management of tasks, communication and relations with the Supervisory and Audit Bodies and with other public authorities, also in relation to audits;
- Operating instruction: "Direct Model commissioning activities";
- Operating instruction: "Direct Model final documentation verification";
- Operating instruction: "Concession Model commissioning activities";
- Operating instruction: "Operating instruction to audit NCP definitive, executive and primary projects";
- Operating instruction: "Network maintenance";
- Contract management.

Functional consolidation of anti-corruption measures in the Company's Model 231 continued in 2020. At the document level this was begun in December 2016 with the revision of the special section of the model, this year saw the approving of a further update to the code of Ethics and the general section of the organisational, management and control model pursuant to Italian Legislative Decree No. 231/2001. The documents were approved by the Board of Directors on 6/10/2020 with the following provisions:

- the insertion of specific clauses in personnel hiring contracts, which explicitly prohibit pantouflage;
- the requirement for personnel who, on the basis of delegated powers, have been granted specific authorisation or negotiating powers, to sign, when the service or task ceases, a declaration with which they undertake to comply with the prohibition of pantouflage, in order to avoid possible disputes with regards to awareness of the regulation;

[5] The report involved non-payment of a series of invoices.

- the insertion in tender documents or in preparatory deeds for the assignment of work, of a requirement for the economic operator to declare no work contracts have been stipulated or other assignments have been assigned to former Company employees, in violation of the aforementioned prohibition;
- that entities which have been found to be in the situation pursuant to the previous point be excluded from work assignment procedures;
- the obligatory adoption of a provision, adequately justified, for extraordinary rotation of all those who have an employment relationship with the Company, whether employees or executives with a permanent or temporary contract, in the case of crimes of corruption or corrupt conduct, while the adoption of this provision is optional in the case of criminal proceedings begun for other crimes against the public administration;
- management of gifts, payments and other benefits;
- a procedure to identify and manage possible conflicts of interest and/or shared interests and, in particular, participation in associations and organisations, financial interests and other cases of conflict of interest, regulating these cases and establishing methods for abstention in the case of conflict of interest.

During 2020, all Infratel personnel were provided the opportunity to receive specific corruption prevention training through a specific e-learning platform (of 122, 101 completed the training, 9 did not complete it and 12 did not begin it).
Infratel opened a direct channel to communicate with the Head of Corruption Prevention, also available to external stakeholders, adequately publicised in a specific sub-section of the website titled "Notification of inappropriate actions - whistleblowing". The method used is the email address **anticorruzione_infratel@infratelitalia.it**, which can only be accessed by the Corruption Prevention Officer. No notifications of inappropriate actions were received in 2020.
During the year in question, no disciplinary proceedings were carried out relative to employees, nor for criminal episodes or violations of the code of conduct.
The members of the Boards of Directors of the parent company and Infratel, while not receiving any specific training on the aspects in question, approve the relative policies and procedures and are constantly kept up to date given that it is the Boards which approve the plans. Additionally, note that in Infratel the CPO is a member of the Board of Directors, and has no other appointed duties.
Also at Invitalia Partecipazioni S.p.A, in line with management and coordination provided by Invitalia S.p.A, the Corruption Prevention and Transparency Plan is aligned with the reference principles and implementation criteria defined by the parent company in its own Corruption Prevention Plans as well as in terms of implementation of reference regulations.
To that end, note that as a subsidiary of Invitalia S.p.A., Invitalia Partecipazioni, after the issuing of the aforementioned listed bond loan and the associated regulations, the transparency provisions under Law 33/2013 and under article 26 of Legislative Decree 175/2016 no longer apply.
In line with other Group structures, Invitalia Partecipazioni's Corruption Prevention and Transparency Officer makes use of the parent company's Internal Audit function to monitor the measures called for in the Plan.
This monitoring is done annually and controls are carried out on all obligations which apply to the Company.
More precisely, intensive auditing was carried out in 2019-2020, with respect to that established in the Organisational Model, updated pursuant to Law 190/2012, and also with regards to the Three-Year Corruption Prevention and Transparency Plan which is an integral part of the Special Section of the aforementioned Model.
A total of 107 checks were carried out, of which 6 (5%) identified non-compliances. In the face of these, 6 (six) findings were indicated, mainly with regards to issues involving the formalisation, filing and traceability of the controls in question. As a whole, the internal control and risks management system, in terms of the processes and associated protocols examined, was deemed adequate for the Company's activities.

With particular reference to the areas affected by the provisions of Law 190/2012, the audits carried out indicated limited areas for improvement in relation to strengthening the process used to manage flows going towards the Supervisory Body and in relation to formalising, filing and tracking controls, which were specifically communicated to the relative individuals to allow for activation of appropriate corrective actions.
To that end, it is established that the Corruption Prevention and Transparency Officer will carry out the necessary checks in 2021 to ensure implementation of the above corrective actions, in coordination with Invitalia's Internal Audit function.
In compliance with ANAC indications, the Corruption Prevention Plan adopted by the Company establishes measures and actions intended to prevent corruption, integrated with the provisions contained in the Organisational Model prepared pursuant to Legislative Decree 231/2001. During 2020, this was accompanied by work to simplify, rationalise and improve efficiency, including preparing and verifying certain management documents which govern processes/activities at risk, with the relevant parent company function.
In consideration of the above, actions were taken in particular to:

- adjust and implement the Organisational Model and Code of Ethics adopted;
- establish specific provisions on pantouflage and special rotations;
- update certain relevant organisational procedures, relative to procurement, treasury, receivables and management of equity investments, to allow the definitive implementation of the monitoring system and of informational flows going to corruption prevention officers, also in consideration of the anomaly indices currently defined;
- monitor the whistleblowing system, including the hypothesis of making use of the software system adopted by the parent company at the end of 2020;
- updating the "Invitalia Partecipazioni Transparency" section on the parent company's website.

More specifically, the Invitalia Partecipazioni Code of Ethics (the version adopted on 20 October 2020) was updated to include the following provisions:

- the insertion of specific clauses in personnel hiring contracts, which explicitly prohibit pantouflage;
- the requirement for personnel who, on the basis of delegated powers, have been granted specific authorisation or negotiating powers, to sign, when the service or task ceases, a declaration with which they undertake to comply with the prohibition of pantouflage, in order to avoid possible disputes with regards to awareness of the regulation;
- a requirement in tender documents or in preparatory deeds for the assignment of work, for the economic operator to declare no work contracts have been stipulated or other assignments have been assigned to former Company employees, in violation of the aforementioned prohibition;
- that entities which have been found to be in the situation pursuant to the previous point be excluded from work assignment procedures;

The above demonstrates the Company's intention to ensure constant respect for and greater compliance with the reference regulations and the indications provided by the authorities.
Mediocredito Centrale deals with the issue of fighting corruption in the public administration and between private entities viewing them as "contemplated crimes" pursuant to Legislative Decree 231/01.
Therefore, the Model adopted by Mediocredito Centrale identifies activities at risk for crimes and adopts appropriate operating protocols which define the conduct which must be respected in carrying out these activities, in order to guarantee an internal control system suitable to prevent commission of the cited crimes.

These protocols are subject to the internal control and supervisory system of the SB with reference to the totality of the Model 231.
The Operating Protocols establish organisational safeguards and checks intended to mitigate corruption risks, both active and passive. During 2020, the map of potential crimes was updated to include new criminal areas recently added to the crimes contemplated (including trafficking of illegal substances and tax crimes), and assessment of the risk of crimes was reviewed. Based on input from the Supervisory Body, updating of the Organisational Model was begun, which is nearing completion, which will be followed by revision of operating protocols to update them in the light of regulatory changes and with the end goal of further strengthening safeguards that mitigate corruption risks.
For several years now, since 2017, Mediocredito Centrale has had an internal whistleblowing system, which helps to prevent and correct actions or events which could constitute violations of the regulations and laws which govern its business. The whistleblowing system is intended to support and protect employees who, after becoming aware of presumed illegal or improper conduct by another person within the company, decide to report these actions or events to the appropriate bodies. To that end, the whistleblowing system establishes specific managers within the internal reporting system, specifically the Head of Compliance or, alternatively, the Head of Internal Audit as well as decision-making bodies, initially the General Manager and the Board of Directors if escalated. It also includes autonomous and independent channels with respect to the Bank's ordinary reporting lines, intended to guarantee the confidentiality of the whistleblower and the dignity and reputation of the individual reported. The internal whistleblowing system constitutes an integral part of the Organisation, Control and Management Model, adopted pursuant to Legislative Decree 231/2001 to prevent and identify improper action attributable to the Bank.
Notifications involve any action or event that could constitute improper conduct, whether a violation of the Organisation, Management and Control Model or a violation of the regulations which govern banking activities and management of public services. Since implementation and through the end of 2020, no notifications have been received.
In terms of whistleblowing training, this course was made obligatory for all new hires (with 18 employees making use of the training during the year). Obligatory training for new hires also includes training on the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 – General Section, which includes anti-corruption crimes.
Additionally, during 2020 training updates were provided through e-learning with regards to corporate liability pursuant to Legislative Decree 231/01 for all personnel. 96% of employees completed the course (353 employees).
Also note that no disciplinary proceedings occurred during the year associated with aspects of active or passive corruption.

Risk assessment [GRI 205-1]
All of the 13 operating areas of the parent company and the 8 in Infratel have all been fully **analysed for risks associated with corruption**. Regarding the detailed information on the processes, on the possible relevant crimes, the offices involved and the description of the elements of risk, please refer to the CPTP present on the institutional sites and adopted by the respective Boards of Directors.

Mediocredito Centrale's Operating Protocols establish organisational safeguards and checks intended to mitigate both active and passive corruption risks, identifying 19 processes which include activities which could be at risk of and/or instrumental to the commission of crimes of corruption. During 2020, through an initiative of the Supervisory Body, updating of the Organisational Model was begun, which is nearing completion, which will be followed by revision of operating protocols to update them in the light of regulatory changes and the overhauling of the organisational structure. Both the Organisational Model and the Operating Protocols can be found on the company intranet. Whenever a protocol is added/updated, employees are informed via email.

In the parent company, risk assessment identified 28 processes with activities at risk for and/or instrumental for the commission of contemplated crimes of corruption, as well as 24 for Infratel. Following risk area mapping, in line with that already established in the Organisation, Management and Control Models pursuant to Italian Legislative Decree No. 231/01, control systems were identified with the aim of preventing crimes of corruption and managing the associated risks. The main intervention tools supporting risk prevention are the control protocols/prevention measures, which consist of the formalisation of a sequence of behaviours aimed at standardising and guiding the development of identified sensitive/instrumental activities. In addition, the management measures identified in the CPTP are further developed by specific procedures and integrated into the internal regulatory corpus of the Company, in cases where greater exposure to crime risk has been judged likely. In fact, in the formalisation of the internal control procedures, there are sections dedicated preventing and fighting corruption. These are sent by the relevant functions to all Group employees via email and are also always accessible via the company Intranet.

Finally, relative to transparency obligations, and taking into account the exclusion, with effect from 20 July 2017, of the applicability to the Agency and the companies of the Invitalia Group Invitalia of the provisions pursuant to Italian Legislative Decree No. 33/2013, as a result of the issue of a bond issue listed on the regulated market, pursuant to article 2-bis, paragraph 2, letter b) of the Decree itself and article 26, paragraph 5 of Italian Legislative Decree No. 175/2016, data referenced in the following regulations will continue to be published, organised according to the format indicated in Annex 1 to the ANAC resolution no. 1134 of 8 November 2017, namely:

- Italian Law no. 190 of 6 November 2012 - "Provisions for the prevention and repression of corruption and illegality in public administrations";
- as in Italian Legislative Decree No. 39 of 8 April 2013, "Provisions on the subject of non-disclosure and incompatibility of positions with public administrations and with private entities under public control";
- as in Italian Legislative Decree No. 50/2016 with reference to the transparency obligations set out therein.

The fundamental aim is to continue to promote the process of change in values started with the adoption of the CPTP, in order to imbue a managerial culture aimed at increasing awareness of corruption prevention issues, not only through the adoption of greater controls but also through the implementation of additional training and informational initiatives.

4.3.2 Business partner [GRI 102-9; GRI 308-1; GRI 414-1[6]]

Since 2020, Invitalia has a new Supplier Register, used to assign contracts both for public contracts in which the parent company acts on its own account, as a Contracting Authority meeting its own needs and to pursue its own company purposes, as well as for all Group companies, and for administrations and entities awarding tenders when this request is made, pursuant to articles 36, paragraph 2, letters a) and b), 157, paragraph 2 and 31, paragraph 8 of Legislative Decree 50/2016, based on the methods established in ANAC resolution 1097 of 26 October 2016, introducing Guideline no. 4, as well as ANAC resolution 973 of 14 September.
The Supplies and Services Register is divided into the following sections, for which quantitative details are provided for suppliers and payments:

[6] There are no formal Group policies regarding assessment of suppliers on the basis of environmental and/or social criteria. The Group has established the objective of adding environmental and social criteria to its supplier evaluation procedures within the next two years.

Sections of the Supplies and Services Register	no. of suppliers	% of total	amount of payments	% of total
Insurance	13	3.40%	€10,766,000.00	21.90%
Communications	69	18.06%	€8,884,522.00	18.08%
General Services	60	15.71%	€3,945,184.00	8.03%
Real Estate	4	1.05%	€4,432,700.00	9.02%
Restaurant	7	1.83%	€1,168,015.00	2.38%
Information Technology	76	19.90%	€8,237,362.00	16.76%
Administrative Services	58	15.18%	€6,698,596.00	13.63%
Personnel Services	45	11.78%	€586,763.00	1.19%
Postal Services	3	0.79%	€19,000.00	0.04%
Travel Agency Services	1	0.26%	€1,950,000.00	3.97%
Security	12	3.14%	€89,679.00	0.18%
Utilities	8	2.09%	€1,099,657.00	2.24%
Consulting	28	7.33%	€5,668,456.00	11.53%
Total	**382**	**100.00%**	**€49,149,934.00**	100.00%

Invitalia reserves the right to not make use of the Register in the case it decides to purchase goods and services offered on the public administration digital market managed by CONSIP S.p.A.
Additionally, consulting appointments (articles 2222 and 2229 of the Italian Civil Code) not falling within the scope of the Code are also excluded from the Register.
To manage the register and select suppliers, INVITALIA has provided itself with an IT system (hereafter the Digital Platform - INGATE), able to digitally manage, also on the account of Group companies making use of it:

- tender procedures for the assignment of works, services and supplies;
- ideas and design competitions;
- the Register of Suppliers;
- other initiatives connected to previous activities, according to the current legislation on procurement, IT documents and digital signature.

In order to participate in Invitalia or Group company tender procedures, interested entities must register with the tender portal of Invitalia or the relevant Group company (https://ingate.invitalia.it), which allows access to the digital platform. In order to register, economic operators must read the instructions found in the Transparency section, Tender Notices and Contracts, Suppliers Register and Tender Commissioners, Instructions for Completion. When Invitalia acts as the Central Purchasing Authority for the sole award of procurement procedures on behalf of other Adjudicating Authorities, it operates by using the IT Platform. The tender regulations establish the requirement for all participants to issue a declaration that the Invitalia Code of Ethics has been read and accepted, made available in the "Website and Reference Documents" on the e-Procurement Platform or in the tender documents. This declaration is also required from economic operators participating in a temporary association, whether as the head of the association or as a member.
Essentially, this declaration is issued when the operator (individual or member of a group) digitally signs the European Union Tender Document, containing the stated declaration, and sends it to Invitalia through its e-procurement platform.
Mediocredito Centrale has provided itself with its own "Supplier and Partner Code of Conduct" which outlines, with reference to business relationships, the principles already found in the Code of Ethics, specifying that these must serve as the foundation of beneficial relationships with suppliers and contract partners.

In fact, in addition to the general principles which characterise the Bank's ethics, the Supplier and Partner Code of Conduct summarises the guidelines governing relationships with the various representatives of the Bank itself. These include contractual partners, to whom the bank dedicates special attention, holding that in an increasingly global and integrated economy, the creation of a network of reciprocally satisfactory relationships with qualified suppliers/contractors and partners represents a strategic objective and a source of competitive success, given that it makes it possible to keep the quality of the Bank's products and services high.
Development of transparent relationships with suppliers and partners, attention to quality, safety and respect for the environment, compliance with current regulations - including specific labour regulations - represent in an ever more integrated economy, objectives to be pursued both with an eye to improving the services offered to customers and in the interest of the country's overall system.
The Supplier and Partner Code of Conduct is another company tool used to prevent the crimes contemplated under Italian Legislative Decree No. 231/2001 and is an integral part of the Organisation, Control and Management Model adopted.
Acceptance of the Model, including the Code of Ethics and the Supplier and Partner Code of Conduct, is a necessary condition for beginning a business relationship with the Bank and/or for registration on the Register of Suppliers.

4.3.3 Description of processes used to ensure the absence of conflicts of interest [GRI 102-25]

The Group upholds the absolutely binding principle of compliance with the laws and regulations in force in the country in which it operates. Every employee, collaborator and anyone who has relations with the Company must undertake to comply with the law, as well as with the provisions of the Code of Ethics and internal regulations. This commitment also applies to consultants, suppliers, customers and anyone who has relations with the Group.
The Group's general guidance principles include the avoidance of conduct that can generate **conflict of interest**, meaning any situation or relationship that, even if only potentially, involves the personal interests of Group subjects or other persons connected to the same and which may therefore affect the ability of said subjects to operate in the total interest of the Group.
All personnel and collaborators, in the exercise of their duties, are required to refrain from participating in activities in which a conflict of interest may arise. In the exclusive interest of the Group, staff and collaborators must ensure that their decisions are neutral and impartial. Employees and collaborators, in particular, must disclose all conflicts of interest (even potential ones) and discuss them with the relevant company department. In particular, in the event of a conflict of interest, the person in charge of the procedure and the heads of departments qualified to express opinions, perform technical assessments, execute procedural actions and final measures, must retire from the case in question and report any real or potential conflict situation.
The absence of conflicts of interest is also monitored when new employees are selected and hired. During each interview, candidates are asked to compile an "Interview information questionnaire" which includes a specific conflict of interest self-declaration. Candidates are asked to avoid personally performing work and to decline assignment to duties entailing real or possible conflict of interest situation. Family members must also lack any association with real or potential conflict of interest situations.
In particular, with regards to Mediocredito Centrale, the supervisory regulations applying to banks require the adoption of specific safeguards in terms of risk and conflicts of interest with regards to associated subjects, with the objective of guaranteeing that transactions with individuals involved in decision making areas of the banks are not compromised in terms of objectivity and impartiality. In compliance with the cited regulations, the bank has provided itself with specific internal policies and decision-making procedures when evaluating operations with related parties, which also require the involvement of the Independent Directors, as well as limits on at-risk activities. This policy is approved by the Board of Directors, after receiving a binding opinion from the Board of Statutory Auditors and is periodically revised and updated, at least every three years. The most recent update was approved by the Board of Directors in December 2019.

4.3.4 The personal data protection system

INVITALIA

During financial year 2020, INVITALIA continued to implement the activities planned in the "Privacy System Adjustment Project", developed in compliance with the General Data Protection Regulation (GDPR) 679/2016, which took effect in May 2018, on the basis of which the Data Protection Officer (DPO) annually establishes their plan of activities.

In consideration of the serious emergency caused by COVID-19 in Italy, some of the activities planned for 2020 suffered slowdowns or were postponed due to the unavailability of some of the relevant structures due to difficulties caused by the emergency.

Activities carried out

Based on the tasks assigned, the DPO initially prepared the 2020 DPO Activity Plan, to ensure continuation of activities begun in 2019 and determine guidelines and detailed actions to be undertaken during 2020.

During the period in question, the DPO helped to disseminate and increase awareness of privacy issues within the company. Additionally, controls continued with regards to company processes and procedures deemed most sensitive in terms of privacy, to determine compliance with the regulations in effect.

Support was also provided to the Internal Audit function in the execution of audits which involve verifying the compliance of the company's privacy system with the provisions of GDPR.

- Privacy System Monitoring

During the period in question, the DPO, with the support of their team, continued to verify and update information issued pursuant to article 13 of the GDPR, ensuring both the updating of the disclosure issued pursuant to article 13 of the GDPR, in relation to the Agency's video monitoring system and compliance with the GDPR and the relevant guidelines (EDPB - *European Data Protection Board* - Guideline 3/2019), as well as helping to create anti-contagion protocols in compliance with the guidelines and provisions issued by the Personal Information Protection Guarantor.

Relative to relations with external suppliers and the definition and formalisation of respective privacy roles, activities were begun to achieve formal designation of the same as Process Managers, pursuant to article 28 of GDPR and in compliance with the procedure "Procurement of goods, services and labour by the Agency – AG-SQ-ACQ". Nonetheless, these activities are still being implemented as due to the emergency caused by COVID-19 and the consequent slowdown in operations they could not be entirely completed. Finally, it should be noted that during the period in question no notifications of data breaches were received with regards to the Organisational Procedure "*Management of personal data breaches*".

- Activities shared with the IT Systems Department

During the period in question, the DPO had several meetings with the IT Systems function and, in particular, with the second level function IT Systems Architecture and Security.

During the meetings, the project presented by Leonardo S.p.A. was outlined, in the context of the Consip - SGI Framework Agreement, awarded to RTI Accenture S.p.A. / Accenture Technology Solution S.p.A. / Leonardo S.p.A. /IBM Italia S.p.A. (*Risk Assessment Project Objective 17 – 2019-2021 Three-year Invitalia Project)* to carry out a security risk assessment to determine the level of exposure to IT security threats in terms of the personal data managed by the Provisions Management system. The DPO was constantly kept up to date with regards to the progress and results of the Project.

Making use of internal skills, in 2020 the risk assessment was carried out directly by the Agency's IT Systems Architecture and Security function. The function also provided itself with automatic tools which verify compliance with the main security policies on a weekly basis. An internal report is distributed to stakeholders every week, which provides information about the main security events and potential threats to the IT system. During the meetings, the DPO identified the need to systematically update risk analysis for all the data processing done by Invitalia, in order to guarantee an adequate level of security and prevent uses which are not in compliance with current norms, as well as identifying, when appropriate, mitigation measures for the risks identified and establishing the relative *compensation plan.* They also noted the possible need to carry out DPIAs in relation to processes which have higher risks with regards to the rights and freedoms of real persons, in compliance with the provisions of the GDPR and guidelines issued by relevant authorities. The DPO was informed that audits of processes supporting continuity of service, the provision of services and security of information and systems, made necessary by significant technological changes which affected Invitalia's IT infrastructure (migration from physical systems to virtual in cloud systems), led to the revision and updating of the Backup/Restore Policy, the base IT Policy, the base Behavioural and Security Rules for IT Equipment and the Identity Management Policy. Additionally, the DPO was informed that the IT Systems Architecture and Security function has now been provided with new IT tools ("Service Now", "Check point" and "Security Information and Event Management – SIEM") to implement automatic process census and management functions, for data and classification of the same, as well as to provide reactive and proactive monitoring of system access and activity. More specifically, within the *ServiceNow* system which implements the IT Service Management in accordance with the ITIL standard, service request processes have been introduced to manage and track all requests relative to the Privacy system.

Note that various activities relative to security and improvement of systems, IT infrastructure and associated data processing, already begun the previous year or in any case scheduled for the past year, saw significant slowdowns due, as stated previously, to the COVID-19 health emergency, which saw the IT Systems function working on the front line.

4.3.5 Internal organisation, personnel training and procedures on data protection

During the period in question, internal privacy roles were formalised (appointed individuals with special responsibilities and privacy officers), in compliance with the structured defined in the Privacy Organisational Chart. Additionally, these designations were involved in audit activities.
Further, in line with that established in the 2020 Activity Plan, to involve all personnel, including those making use of remote working, Invitalia took action to provide a training plan on issues relative to privacy and compliance with current regulations provided through e-learning, after selecting the supplier of the e-learning platform.
However, in some cases, due to the COVID-19 health emergency which slowed or in some cases impeded company operations, it was not possible to provide certain awareness activities aimed at individuals holding certain privacy positions, including meetings with managers of functions involved in personal data processing, as had been scheduled in the 2020 Activity Plan for the DPO.
Relative to privacy procedures, in compliance with the most recent standards and practices in the sector, it was deemed necessary to prepare the organisational procedure "Management of interested party requests", as well as the procedure "Managing audits", which describes the behaviours to be adopted to manage document requests and/or inspections carried out by the Personal Data Processing Guarantor with regards to processes carried out by Invitalia, as the Process Owner and or Manager.

Audits and compliance with Regulation 679/2016

The Internal Audit function, supported by the DPO and their team, carried out audits with the aim of verifying the compliance of activities carried out by company functions with regards to the Privacy Management System adopted by Invitalia, as well as to assess the level of compliance with the relevant provisions issued by Invitalia and the provisions of the law.

Additionally, a compliance test was carried out on Invitalia's Processing Registry, which it has established as the Process Owner, which indicated that the data it contains is complete with regards to that required under article 30 of the GDPR (*See "Updating Invitalia's Processing Registry*"). Additionally, certain processes were selected which underwent specific monitoring (Audit Report, 03.07.2020), to verify the correctness of disclosures, the adoption of any policies/guidelines by the relevant function, methods used to file documents and compliance with the relative terms for saving the information. Note that relative to the processes selected by the Internal Audit Function, certain processes inherent to the Human Resources and Organisation Function were examined, in line with that scheduled by the DPO in their 2020 Activity Plan (see the 2020 DPO Activity Plan - Data Protection audits - Privacy safeguards for Invitalia personnel).

During the audit, the names of individuals authorised to process data within Invitalia were examined. In particular, the appointments made by Appointed Individuals with special duties within their respective functions and the relative operating instructions were verified. Using sampling techniques, the privacy clauses contained in contracts with freelance workers and suppliers of goods and services were verified.

The audits indicated substantial compliance with Invitalia's Privacy Management System and the requirements established under the reference regulations, in particular GDPR and Legislative Decree 196/2003, as amended by Legislative Decree 101/2018.

With regards to additional audits scheduled by the DPO (See *2020 DPO Activity Plan*"), in particular sample-based audits of external Process Managers, appointed pursuant to article 28 of the GDPR, relative to the IT Systems function and the Human Resources and Organisation function, these are still under way due to the current health emergency which caused a slowdown in company operations.

Updating Invitalia's Processing Registry

During the period in question, the Processing Registry was revised, which had been adopted by Invitalia pursuant to article 30 of the GDPR, as the Process Owner. The new version of the Registry also takes into account certain preliminary recommendations made by Leonardo S.p.A. in the context of the Risk Assessment Project, Objective 17, as well as relevant best practices and standards adopted since the GDPR took effect.

Hence, the data processes carried out by each function were updated (first and second level) in the Registry, based on Organisational Provision no. 4/2020. To that end, the DPO, with the assistance of a multidisciplinary support team, carried out specific activities with the Appointed Individuals with Special Responsibilities and the Privacy Officers, to determine the accuracy of that indicated in the Registry with regards to the relevant functions and, consequently, make any necessary amendments and/or additions.

To facilitate the completion of this Registry, a manual was prepared ("Manual for preparing the Processing Registry pursuant to article 30 of GDPR"), serving as an operating tool available to individuals responsible for updating the processes inherent to their function (Appointed Individuals with Special Responsibilities and Privacy Officers). Among other things, the Manual contains a summary of the schedule for conserving the data processed by Invitalia, in line with the recommendations provided by Leonardo S.p.A. in the aforementioned Project (see chapter 8 "*INV-OB17-Risk Analysis Platform Measures1.0*).

Finally, Invitalia's Processing Registry was updated. The Registry now contains all the activities that Invitalia provides on the account of Group companies which involve processing of personal data.

Group companies and service contracts

With an eye to optimising synergies offered by membership in the Group, certain companies make use of the Agency's organisation to utilise certain services required to carry out their activities.

Intercompany relationships are governed by "corporate services supply" contracts which also define privacy roles relative to data processing activities associated with the purpose of the service contract, in order to fully implement the provisions of the cited Regulation (EU) 679/2016. The Agency is recognised as the Process Manager pursuant to article 28 of the Regulation in question.

In particular:

- With letter 0019292 of 10 June 2020, Infratel S.p.A. signed a contract with the Agency for the supply of the following services (Annex 1 "Description of services and details of costs"):
  - IACQ – Building Management;
  - SIN – *Data protection and Recovery*, *Desktop and Device Management, Identity and Access Management, Security and Networking and Server Management*;
  - RUO - Resource Organisation and Development - Human Resource and Industrial Relations Management - Personnel Administration;
  - CFO - Subsidiary Governance and Administrative Service;
  - ALS – Corporate and Legal, Subsidiaries;
  - IP – E-Procurement for Public Investments;
  - COM – Website Management, Press Releases and Press Monitoring, Cross-Sectional Products and Services.

For the above activities, which involve personal data processing, the 2018 document which appointed Invitalia as the Process Manager was updated and extended, pursuant to article 28 of the GDPR.

- With letter 0027326 of 20 February 2020, Banca del Mezzogiorno-Mediocredito Centrale S.p.A. signed a contract with the Agency for the supply of the following services (Annex 1 "Description of services and details of costs"):
  - AMPER – Personnel administration and labour consulting with authorisation of the appointment as a sub-supplier for Inaz, the manager of the IT platform;
  - AMCON – Tax assistance.

For the above activities which involve personal data processing, the 2019 document which appointed Invitalia as the Process Manager was updated and extended, pursuant to article 28 of the GDPR.

MEDIO CREDITO CENTRALE

2020 was heavily impacted by the COVID-19 health emergency. In particular, the event led to projects being implemented to allow all employees to work remotely within a short time and securely. Additionally, it was necessary to carry out anti-contagion protocols which applied to MCC's situation, in compliance with the guidelines and provisions issued by the Personal Data Protection Guarantor. Among other things, the consequences the pandemic had on working methods were:

- revision of the plan of projects established for 2020, with rescheduling of the same;
- greater attention paid to providing support to Privacy Officers and authorised individuals;
- managing process monitoring activities with methods that are also effective with remote work, using collaborative tools made available by the Bank;

- the development and execution of training courses that could be taken independently and remotely by MCC personnel, while still guaranteeing participation by all employees.

Implementation of the Privacy Management System (MCC)
During 2020, the following cyclical and event-based activities were carried out.
Cyclical activities:

- Monitoring activities relative to the Privacy Management System continued, as established in the Plan approved by the Board of Directors for the three-year period from 2019 to 2021, although the schedule was changed due to the pandemic. These activities included both follow-ups on checks carried out in previous years and those completed in 2020. In terms of process monitoring, audits were performed on safeguards adopted by MCC to protect the confidentiality, availability and integrity of personal information involved in processes monitored and, consequently, in applications which support the same. Monitoring included involvement of personnel from various structures and the results of the audits were shared with the relevant Privacy Officers, who identified corrective plans for issues identified, working with the DPO when necessary.
- The status of appointments of Process Managers was monitored, pursuant to article 28 of Regulation EU 2016/679 (GDPR), relative to suppliers;
- A training initiative for all MCC staff was carried out, to raise awareness and provide education on issues relative to personal data processing. Given the COVID-19 health emergency which made classroom training difficult, the decision was made to provide training through 3 stages:
    - the creation of Digital Miniguides for all personnel, focussed on the main processes carried out by MCC. The Miniguides are tools to assist with remembering and maintaining awareness of the appropriate daily actions associated with a specific process. They were created to provide clear operating messages and call attention to actions which help to guarantee the security of personal information;
    - activities to involve and raise awareness in staff through surveys, using IT tools which the company is already familiar with. The survey was designed and implemented to analyse and assess the level of "awareness" workers have with regards to the issues in question. The objective was to determine and increase the level of knowledge of internal regulations (Framework regulations, procedures) and of external regulations (GDPR, Privacy Code). The survey included 20 multiple choice questions, with varying degrees of difficulty;
    - the results of the survey were then published on the company Intranet, with comments intended to further increase employee awareness of specific aspects.

- During 2020, to verify the completeness and adequacy of all the information contained in the detail forms in MCC's Processing Registry, the periodic review process was carried out for all process registries. These activities, together with constant dialogue throughout the year, in particular between the DPO and Privacy Appointees, allow the Process Manager and the Guarantor to have available a comprehensive and up to date framework of personal information processing carried out by MCC, if required.

Event-based activities:

- The disclosures released pursuant to articles 13 and 14 of the GDPR were updated, also on the basis of specific requirements indicated by the relevant departments.
- During the period in question, assistance was provided for aspects relative to personal data processing. In particular, the DPO was asked to be involved in the issuing of opinions relative to activities associated with participation in new company initiatives and/or project activities which involve processing of personal information, as well as requests for more information about privacy issues coming from Privacy Appointees.

- Assistance and feedback were provided with regards to requests coming from interested parties during 2020, with the consequent updating of the Interested Party Request Registry.
- The Security Incident Management procedure was updated, to optimise management of security incidents and data breaches. Additionally, support was provided for incident analysis and the Data Breach Registry was updated, as well as the template for the Registry, including certain automatic actions when filling out any reports to be sent to the Guarantor.
- The Data Protection Impact Assessments (DPIA) were carried out relative to new processes implemented in 2020.

Finally, with reference to aspects relative to the deletion requirement established in the regulations for information not required for the purposes for which it was gathered, activities to define methods for deleting personal information continued in 2020.
To that end, the requirements for maintaining personal data records were identified for various areas of MCC, followed by adoption of Data Retention Guidelines and the creation of a matrix showing the retention times established in the regulations which apply to MCC.

4.4 Tax standards [GRI 207]

Invitalia ensures that activities inherent to managing tax aspects are carried out correctly, transparently and traceably, in compliance with the current regulations applicable to the Company, and ensuring adequate management of tax risk.
The organisational unit (OU) responsible is Accounting and Budget, which reports directly to the Chief Financial Officer and, ultimately, to the Managing Director.
The OU ensures constant monitoring of legal requirements, to avoid delays and imprecision when presenting tax statements and/or documents required under the norms applicable to the company. In particular, it also makes use of IT management systems intended to:

- implement automatic mechanisms to ensure proper accounting (automatic VAT registry input, single tax statements, etc.);
- ensure proper tax treatment of income components to determine the taxable base for direct taxes, as well as ensure compliance with regulatory requirements for periodic tax statements and payment of taxes (value added tax, certified withholdings, personnel contributions, etc.), with the support of legal firms/external tax experts when necessary to provide analysis and interpretation of tax regulations applicable to the Company.

After preparing the required tax statements, Accounting and Budget sends them to external legal/tax firms and the Independent External Auditor for the necessary checks and then, after receiving authorisation from the Administration Manager, files them with the authorities.
Relations with legal/tax firms are governed by specific contracts, which contain appropriate termination clauses in the favour of the Agency relative to the requirement to:

- adopt appropriate security measures to guarantee the confidentiality, integrity, reliability and availability of the data/information/documents communicated/sent;
- promptly report any anomalies, thefts, losses, deterioration or loss of data/information/documents communicated/sent;
- obtain an insurance policy covering professional civil liability.

The preparation of payment forms relative to withholdings and social security contributions for personnel and similar is done by Personnel Administration which, with the help of IT systems, informs Administration so that payment is made by the legal deadlines, after being verified and authorised by the Manager.
The Independent External Auditor periodically verifies that all taxes and withholdings are duly and promptly paid.
In the context of monitoring and supervising the tax management process, the OU promptly reports any irregularities, problems and/or anomalies identified to the Chief Financial Officer. In the case of

a possible tax crime, it reports to the Managing Director to identify the appropriate actions to be taken, also in terms of determining which of the relevant control bodies to involve, including the Supervisory Body.
Relative to **MedioCredito Centrale**, the structure responsible for tax issues is the Administration OU, specifically the CFO area. It makes use of various tax consultants for updates and/or specialised aspects. The main taxes of interest are:

- direct taxes (IRES and IRAP);
- VAT, registration taxes and other indirect taxes (to a lesser extent).

MCC is included in the tax consolidation of the parent company Invitalia. Additionally, it made use of the "Patent Box" subsidy through 2019 based on the ruling made by the Tax Authorities, and as of 2020 will continue to make use of it under the self-liquidation regime.
Relations with tax authorities are based on the principle of transparency and constant cooperation. Management of tax and social security requirements is the subject of a specific protocol within the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.
Finally, MCC does not have a tax strategy beyond that of the Patent Box, and there is no correlation between tax issues and business and sustainable development strategies.

5 Value for people and culture

Invitalia and the companies of the Group consider the skills, satisfaction and passion of their employees to be the key to success in business and to achieving their objectives. For this reason, the Group supports a health and stimulating work atmosphere, with employees at the centre of the company strategy and offering tools to support well-being. It promotes professional growth and the development of skills, also through appropriate training programmes. The company is also committed to ensuring workplace health and safety in line with regulatory provisions, also through risk monitoring, personnel training and the definition of procedures that are in line with the best international operating practices and standards.
The material issues correlated with the Strategic and Sustainability Area "Value for People and Culture" are:

- Employee benefits;
- Development and enhancement of human resources;
- Protection of Health and Safety.

Focus on: COVID-19
The Group tackled the health emergency caused by COVID-19 by implementing a series of measures to prevent contagion and protect health and safety in the workplace, while also guaranteeing business continuity in line with the company mission.
The company carried out a series of organisational initiatives to protect the health and safety of its employees and freelance workers. In particular, note the adoption of remote working methods for almost all employees, in line with requests coming from the legislative body. Below are some of the results achieved:

- **Over 22,000 pieces of PPE** were provided to employees;
- **Around 800 antibody tests** were given;
- **99%** of **employees worked remotely**.

5.1Social and personnel management aspects

The increasing complexity in which the Group operates requires constant attention with regard to personnel management and organisation.
In this sense, the work done in 2020 was heavily impacted, beyond the effects of the health emergency, by the need to align management of resources with business strategies, aligning production factors (people, systems, processes, indicators) and corporate culture (professional and value-related) in order to define paths that can promote efficiency, innovation, productivity and well-being in the organisation.

5.2 Management of resources [GRI 102-8; GRI 401-1[7]; GRI 405-1; GRI 406-1]

As mentioned in the introduction and in the Directors' Report on Operations, the activities related to personnel management in 2020 were mainly oriented towards maximising the quality of the results and the productivity of the structures and individuals.
At 31 December 2020, total Group staff amounted to 2,038 people[8].
With respect to 2019, the Group saw a net increase of 69 employees (+3.5%) due both to the inclusion of Invitalia Partecipazioni in the scope of reporting and to new hires.

More specifically, with the activation of 204 new contracts (equal to 13% of its staff at 31/12/2020) and turnover of 172, at 31 December 2020 Invitalia reported total staff of 1,577 people (+2% with respect to 2019). Infratel SpA, with 29 new employees (21% of its staff) and turnover of 20, at 31 December 2020 reported 140 employees (+7% with respect to 2019). Mediocredito Centrale, with 86 new hires (27% of total staff) and turnover of 63, reported total staff of 316 people at 31 December.

Employees at 31.12.2020	INVITALIA	INFRATEL	IP	MCC	TOTAL
Total	1,577	140	5	316	**2,038**

The table below shows hiring details, indicating mobility within both the group and within the reporting scope. Total new hires during the year amounted to 320, of which 204 in Invitalia SpA, 29 in Infratel SpA, 1 in Invitalia Partecipazioni and 86 in Mediocredito Centrale. In the context of hires[9], these include 1 resource transferred from a Group company within the reporting scope. The number of hires from outside the reporting scope, therefore, totals 319.

Origin	HIRES AND MOBILITY					
	Gender	INVITALIA	INFRATEL	IP	MCC	TOTAL
INFRATEL	F	1	-	-		1
	Total	***1***	***0***	***-***	***0***	***1***
OTHER (outside of the perimeter)	F	107	16	1	32	156
	M	96	13	-	54	163
	Total	***203***	***29***	***1***	***86***	***319***
TOTAL		**204**	**29**	**1**	**86**	**320**

On the other hand, **outgoing** employees were essentially related to the natural expiration of fixed-term contracts and voluntary resignations. These totalled 256 and were almost entirely out of the reporting scope (255).

Destination	TURNOVER

[7] Information relative to GRI 401-1 for 2019 was restated solely with reference to "extra perimeter" turnover.
[8] The numbers include: managers, middle-managers and office workers.
[9] Also included in this parameter are 10 cases of Invitalia personnel and 1 Infratel employee who saw a contract expire, followed by re-hiring during the year. Cases of transfers between contract grades are not contemplated since they do not involve new hiring. Intercompany transfers are not considered re-hires.

	Gender	INVITALIA	INFRATEL	IP	MCC	TOTAL
INVITALIA	F		1	.		1
	Total	***0***	***1***		***0***	***1***
OTHER (outside of the perimeter)	F	84	8	1	24	117
	M	88	11	.	39	138
	Total	***172***	***19***	***1***	***63***	***255***
TOTAL		**172**	**20**	**1**	**63**	**256**

Turnover by gender is shown in the table below.

TURNOVER BY GENDER				
2019				
Scope		**Women**	**Men**	**Total**
Invitalia, Infratel and MCC	***Hires***	**179**	**228**	**407**
	% hires	44%	56%	100%
	% hires with respect to total employees at 31-12	9%	12%	21%
	Terminations	**136**	**148**	**284**
	% terminations	48%	52%	100%
	% turnover with respect to total employees at 31-12	7%	7%	14%
2020				
Scope		**Women**	**Men**	**Total**
Invitalia, Infratel, Invitalia Partecipazioni and MCC	***Hires***	**156**	**163**	**319**
	% hires	**49%**	**51%**	**100%**
	% hires with respect to total employees at 31-12	**8%**	**8%**	**16%**
	Terminations	**117**	**138**	**255**
	% terminations	**46%**	**54%**	**100%**
	% turnover with respect to total employees at 31-12	**6%**	**7%**	**13%**

In relation to the **distribution of hiring and departures by geographical area**, please refer to the table below.

TURNOVER BY GEOGRAPHIC AREA						
2019						
Scope		**North**	**Centre**	**South**	**Abroad**	**Total**
Invitalia, Infratel and MCC	***Hires***	**27**	**167**	**205**	**8**	**407**
	% hires	7%	41%	50%	2%	100%
	% hires with respect to total employees at 31-12	1%	8%	10%	0%	21%
	Terminations	**45**	**83**	**145**	**11**	**284**
	% terminations	16%	29%	51%	4%	100%

TURNOVER BY GEOGRAPHIC AREA						
	% turnover with respect to total employees at 31-12	2%	4%	7%	1%	14%
2020						
Scope		**North**	**Centre**	**South**	**Abroad**	**Total**
Invitalia, Infratel, Invitalia Partecipazioni and MCC	***Hires***	**17**	**171**	**125**	**6**	**319**
	% hires	**5%**	**53%**	**39%**	**2%**	**100%**
	% hires with respect to total employees at 31-12	**1%**	**8%**	**6%**	**0%**	**16%**
	Terminations	**19**	**109**	**121**	**6**	**255**
	% terminations	**7%**	**43%**	**47%**	**2%**	**100%**
	% turnover with respect to total employees at 31-12	**1%**	**5%**	**6%**	**0%**	**13%**

In relation to the **distribution of hires/turnover by age range**, please refer to the table below.

TURNOVER BY AGE GROUP					
2019					
Scope	**TURNOVER BY AGE RANGE**	**< 30**	**BETWEEN 30 AND 50**	**> 50**	**TOTAL**
Invitalia, Infratel and MCC	***Hires***	**194**	**190**	**23**	**407**
	% hires	48%	47%	6%	100%
	% hires with respect to total employees at 31-12	10%	10%	1%	21%
	Terminations	**59**	**191**	**34**	**284**
	% terminations	21%	67%	12%	100%
	% turnover with respect to total employees at 31-12	3%	10%	2%	14%
2020					
Scope	**TURNOVER BY AGE RANGE**	**< 30**	**BETWEEN 30 AND 50**	**> 50**	**TOTAL**
Invitalia, Infratel, Invitalia Partecipazioni and MCC	***Hires***	**153**	**142**	**24**	**319**
	% hires	48%	44%	8%	100%
	% hires with respect to total employees at 31-12	8%	7%	1%	16%
	Terminations	**84**	**131**	**40**	**255**
	% terminations	33%	51%	16%	100%
	% turnover with respect to total employees at 31-12	4%	6%	2%	13%

Among the 2,038 workers at 31/12/2020, the professional category with the greatest number of employees is that of the clerical workers (1,569), followed by middle managers (401) and managers

PROFESSIONAL LEVEL BY AGE GROUP										
2019										
Scope	**PROFESSIONAL LEVEL BY AGE**	**< 30**	**%**	**BETWEEN 30 AND 50**	**%**	**> 50**	**%**	**TOTAL**	**%**
Invitalia, Infratel and MCC	Managers	-	0%	13	1%	44	2%	**57**	**3%**
	Middle management	-	0%	169	9%	231	12%	**400**	**20%**
	Clerical workers	197	10%	1,043	53%	272	14%	**1,512**	**77%**
2020									
Scope	**PROFESSIONAL LEVEL BY AGE**	**< 30**	**%**	**BETWEEN 30 AND 50**	**%**	**> 50**	**%**	**TOTAL**	**%**
Invitalia, Infratel, Invitalia Partecipazioni and MCC	Managers	-	0%	12	1%	56	3%	**68**	**3%**
	Middle management	-	0%	162	8%	239	12%	**401**	**20%**
	Clerical workers	202	10%	1,049	51%	318	16%	**1,569**	**77%**

(68). This directly reflects the nature of the business model adopted.

Below is a representation by category with respect to **gender** and **age group**.

PROFESSIONAL LEVEL BY GENDER							
2019							
Scope	**PROFESSIONAL LEVEL BY GENDER**	**Women**	**%**	**Men**	**%**	**TOTAL**	**%**
Invitalia, Infratel and MCC	Managers	6	0.3%	51	2.6%	**57**	**2.9%**
	Middle management	162	8.2%	238	12.1%	**400**	**20.3%**
	Clerical workers	799	40.6%	713	36.2%	**1,512**	**76.8%**
2020							
Scope	**PROFESSIONAL LEVEL BY GENDER**	**Women**	**%**	**Men**	**%**	**TOTAL**	**%**
Invitalia, Infratel, Invitalia Partecipazioni and MCC	Managers	8	0.4%	60	2.9%	**68**	**3.3%**
	Middle management	160	7.9%	241	11.8%	**401**	**19.7%**
	Clerical workers	840	41.2%	729	35.8%	**1,569**	**77.0%**

With reference to **educational qualifications**, 79% of employees have college degrees. Most employees (1,600) have at least a college degree (and of these over 11% have post graduate or masters degrees), while the remaining 21% (438) have either a middle school or high school degree.

EDUCATIONAL QUALIFICATION	**MCC**	**INVIT. - INFRATEL**	**TOTAL**	**%**
Post graduate		231	**231**	11%
College degree + three year	216	1,153	**1,369**	67%
Sub-total	**216**	**1,384**	**1,600**	**79%**
High school/Middle school	100	338	**438**	21%
Total	**316**	**1,722**	**2,038**	**100%**

The dominant **geographical areas of origin**[10] are Central Italy (53%) and the South (40%), followed by the North (5%) and staff from abroad (2%).

Company	North	Centre	South	Abroad	TOTAL
INVITALIA	81	791	681	24	**1,577**
INFRATEL	7	74	56	3	**140**
INVITALIA PARTECIPAZIONI	-	3	2	-	**5**
MCC	14	215	80	7	**316**
TOTAL	**102**	**1,083**	**819**	**34**	**2,038**
% of total	**5%**	**53%**	**40%**	**2%**	**100%**

The **age** among the Group's staff is as follows: 10% of employees (202) are under the age of 30; 60% (1,223) are aged between 30 and 50 years; 30% (613) are over the age of 50.

Company	< 30	30-50	> 50	TOTAL
INVITALIA/INFRATEL	184	1,058	475	**1,717**
INVITALIA PARTECIPAZIONI	-	1	4	**5**
MCC	18	164	134	**316**
TOTAL	**202**	**1,223**	**613**	**2,038**
% of total	**10%**	**60%**	**30%**	**100%**

Within the governance bodies (Boards of Directors of the companies within the reporting scope) the average age is **53 years - 30%** of the members are aged between 30 and 50, while the remainder are over 50 years of age.
Within the governance bodies (Boards of Directors of the companies within the reporting scope) gender equality is confirmed. In fact, women represent 40% of the members.
Furthermore, the data recorded in 2020 confirms the active role of the Group in the **promotion of equality between women and men**, a significant contribution to compliance with non-discrimination principles. Women in the Group account for 49% of the population at 31/12/2020 (1,008 women and 1,030 men).
Also in relation to the type of contract, the Group promotes gender equality, as shown in the table below.

TYPE OF CONTRACT					
2019					
Scope		Women	Men	TOTAL	% females
Invitalia, Infratel and MCC	Permanent	121	140	261	46%
	Permanent	846	862	1,708	50%
	Total	**967**	**1,002**	**1,969**	**49%**
	Full-time	847	994	1,841	46%
	Part-time	120	8	128	94%
	Total	**967**	**1,002**	**1,969**	**49%**
2020					
Scope		Women	Men	TOTAL	% females
Invitalia, Infratel, Invitalia Partecipazioni and MCC	Permanent	110	118	**228**	48%
	Permanent	898	912	**1,810**	50%
	Total	**1,008**	**1,030**	**2,038**	**49%**
	Full-time	897	1,025	**1,922**	47%
	Part-time	111	5	**116**	96%
	Total	**1,008**	**1,030**	**2,038**	**49%**

[10] The areas of origin are attributed according to the Country/place of birth. Italian regions have been divided as follows: North (Liguria, Lombardy, Piedmont, Valle d'Aosta, Emilia-Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige and Veneto), Centre (Lazio, Marche, Tuscany and Umbria) and the South (Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily).

5.2.1 Dialogue with social partners and trade union relations [GRI 102-41]

All (100%) of the employment relationships of Group employees are governed by collective agreements stipulated at national level. In particular, with regards to Invitalia SpA and Infratel SpA, regulation of middle management and clerk-level employment contracts is done through the Invitalia National Collective Labour Contract, while managers come under the National Collective Labour Contract for the industry or the National Collective Labour Contract for managers of companies in the tertiary distribution and services sector. The two journalists in the group are subject to the National Journalist Contract.

With regards to MedioCredito Centrale, employment relationships for personnel in the category of middle managers and in professional areas and employment relationships with managers are governed by their respective ABI National Collective Labour Contracts.

Dialogue with **Union Organisations** regarding various company projects is continual, with the aim of finding shared solutions that fulfil the different needs of the parties.

Description of remuneration policies [GRI 102-35]

The company's remuneration policy is a strategic tool for economic sustainability and for success. In fact, planning the best remuneration system is a fundamental step in the execution of the company strategy and it enables productive endeavour to be aligned with corporate and specific organisational goals.

The remuneration policies adopted are aimed at ensuring the availability of effective remuneration tools in directing the performance towards corporate goals consistent with the constraints and logic of the market in which each Group company operates.

For all Group companies, remuneration has a fixed component and a variable part linked to the achievement of defined, measurable and quantitative goals. In particular:

- The fixed part of remuneration is defined on the basis of the role and the delegated responsibilities, also taking into account skill level and experience. It is consistent with collective agreements and the reference market;
- short-term variable remuneration is linked to the achievement of annual performance targets with objective measurable parameters, determined using economic, financial and performance indicators.

There are two systems used to define the amount of variable remuneration, both of which are connected to economic and performance indicators, differentiated by the area of responsibility:

- An MBO system [Management By Objectives], applied to Managers and Middle managers with managerial responsibilities, in relation to economic sustainability objectives, financial objectives based on the budget, and strategic projects linked to the position in question;
- A Productivity Bonus, applied to the remainder of the company workforce.

Description of the remuneration determination process [GRI 102-36]

Within the defined remuneration policies, remuneration is defined with reference to market logic, role, value of skills and previous experience.

The Group's remuneration policies, in particular, are guided, on the one hand, by the principle of consistency with the medium/long-term goals and strategies and the corporate culture, and on the other, by the need to attract and enhance the value of subjects with professional skills and capacity appropriate to the needs and requirements of the company.

The determination, defined at the time of entry into the company, is periodically updated and, starting from 2018, is monitored on the basis of a performance assessment which is systematic and annual, with dialogue between the Human Resources department and Operational Line managers.

The Productivity Bonus[11], which has now been in place for three years (2017-2020) allows employees to actively participate on their teams, increasing awareness of economic results during the year and "pushing" them to achieve progressive improvement each year thanks to performance indicators relative to production processes which provides remuneration on the basis of productivity achieved.

Relationships with Stakeholders

In addition to ordinary dialogue with trade unions, 2020 saw the advent of the pandemic caused by COVID-19, which led to a high level of cooperation regarding activities and actions intended to guarantee worker health and safety and identify different methods of work.

Worker health and safety

A COVID-19 Committee was established on 15/03/2020, consisting of the Security Officer and the Manager of the Safety Management System, and coordinated by the employer's delegate, with assistance from the manager of the Health and Safety Management System and the company doctor, to manage the emergency and check the effectiveness of actions taken, as well as to monitor compliance with regulations. The filing and conservation of evidentiary documents was guaranteed at all times, with assistance from the relevant company departments. That defined and implemented involved the union representatives and worker safety representatives on a continuous basis, who contributed proactively throughout the emergency.

Remote Work

As of 9 March 2020, in application of the various Presidential Decrees issued to handle the health emergency, specific communications were sent to all workers to begin remote work for all employees. Also in consideration of the guidelines expressed on the subject by the client (Article 236, Relaunch Decree), which included provisions on flexible work in the public sector and remote work, the company implemented a system to manage employee shifts (on site, at the client, on holiday or working remotely) on a weekly basis, based on communications received from the various company departments, making it possible to control the subject requirements for which the Company is responsible and ensure protection for the specific needs of certain categories of workers (Fragile Workers or Parents), for all situations linked to the halt in school activities (parents with at least one child of 14 years or less).

Additionally, on 22/10/2020 an Agreement was signed with the unions to begin a remote work experiment for employees of the parent company, lasting through 30/6/2021, with the possibility of beginning various experiments with remote work configurations in different working areas, also in view of the renewal of the CCNL [the National Collective Labour Contract], to evaluate the possibility of offering additional flexibility, including in terms of hours, perhaps eliminating the requirement to respect normal company working hours as currently configured.

5.2.2 Development and enhancement of human resources [GRI 404-1; GRI 404-3]

While this year was particularly complicated in terms of professional evaluation, again in 2020 human resources development processes were again completed this year. The model used to assess performance, developed ad hoc within the company, was upgraded both in terms of IT tools and process. Changes were made in the IT systems to make insertion of evaluation information more rapid, while the process was simplified by streamlining the model underlying the evaluation.

Human Resource Development

2020 saw the strengthening and improvement of the professional development model based on individual growth profiles and paths. With an eye to continuing education, again this year we assessed activities and actions based on a logic of individual professional profiles.

The Group enhances its resources by investing in the continuous development of skills and professionalism through various initiatives.

Internal development and career opportunities

[11] A productivity bonus is not used in Invitalia Partecipazioni because the small number of employees makes it impossible to create productivity working groups.

The job posting system represents an internal tool to publicise new professional opportunities and take advantage of personal experiences and interests. In fact, all interested colleagues can participate in internal selections based on their skills, characteristics and motivations. In this way the exchange of internal skills and mobility for employees are both enhanced within the Group.

Performance Management [GRI 404-3][12]

For several years Invitalia has made use of performance management policies, intended to reward service quality and productivity. Individual performance evaluations are provided annually, including in 2020. These evaluations fall within the wider performance management system: if assessing productivity makes it possible to measure collective performance in terms of company results achieved, individual performance assessment is done by identifying the contribution provided by a single person. In the model selected, this contribution is measured in terms of organisational activities and actions.

The evaluations involved all office workers and middle managers within the parent company who were present in the company as of 31 December 2019. The model calls for an evaluation to be made by the manager, defining a development plan and a closing comment made by the person evaluated, with opportunities for interim feedback during the year. In particular:

- 100% of office workers and middle managers are rewarded via a productivity system that connects individual performance and company production results with variable remuneration;
- 100% of office workers and middle managers are involved in a performance evaluation system to verify the results of the individual with that expected for their level of seniority and professional profile and to construct appropriate development paths;

  All executives are involved in an MBO system with multiple group, company, area and individual objectives intended to reward excellent results.

Based on the national collective labour contract, Mediocredito Centrale also carries out annual performance evaluations on 100% of company staff. In 2020, the Up2You performance management portal was developed and introduced. This is a new evaluation system that makes it possible to "construct" one's measurement model, showing only the quali/quantitative evaluation coming from the manager (required for all), or also including the team assessment (colleagues from the same organisational unit), and/or the peer assessment (colleagues from other organisational units).

Below is the evaluation data for parent company personnel for 2020, which included company staff (middle managers and office workers) who worked for at least 3 months in 2019, were present for at least 70% of the time and were still at the company in 2020.

2020		
By gender	**Number**	**%**
Women	670	52%
Men	619	48%
Total	**1,289**	**100%**

2019		
By gender	**Number**	**%**
Women	697	53%
Men	618	47%
Total	**1,315**	**100%**

2020		
By professional level	**Number**	**%**
Middle Managers	195	15%
Clerical staff	1,094	85%
Total	**1,289**	**100%**

[12] The evaluation project began experimentally within the parent company and continuous updates are being made to the process. An ad hoc system is currently being implemented at Infratel and when the contract is renewed, extension of the system to Invitalia Partecipazioni will be assessed.
The parent company has set the objective of extended the evaluation process to the other companies of the Group.

2019		
By professional level	**Number**	**%**
Middle Managers	201	15%
Clerical staff	1,114	85%
Total	**1,315**	**100%**

Coaching

During the year, development and coaching courses continued for certain resources with management responsibilities. More specifically, individual development paths were created for 20 employees. These paths began in July 2020 and are still under way, with objectives defined and shared with individual company managers.

Again this year, Mediocredito Centrale continued to be committed to developing talent, reserving training initiatives for specific needs and development processes, making it possible to increase skills and professional knowledge.

Continuous training: managerial, behavioural, technical [GRI 404-1]

2020 was definitely an exceptional year in terms of training. The need to transform in person training courses into online classes created an initial moment of difficulty for both training entities and the Human Resources department. On one hand supplier companies had to change their courses with an eye to e-learning, while the Human Resources had to change the involvement of internal resources without decreasing the quality of the services.

The difficulties affected the regular execution of planned activities but did not impact their quality. After an initial stage of adjustment, training was still carried out, remembering the importance that training holds in improving the skills and results achieved in Invitalia.

In 2020, training within the Group was essentially aimed at:

- focussing projects on key skills to develop for individuals or the company, including digital communication systems, project management and professional training;
- creating innovative tools and methods through programs aimed at creating, enhancing and disseminating the skills needed to achieve complex multidisciplinary projects;
- supporting individuals hired with intern contracts with the aim of creating individualised training plans, in full compliance with the regulations in effect.

The following projects were of particular interest:

1. **Appraisers & Guidance Counsellor**

A mixed course, combining training and on-the-job training, it involved persons working to manage the Remain in the South measure.

The need for the course arose in 2019 with the aim of improving the standards for interviews with proposing entities, to update the structure of the report and revise the role of the evaluators to make them a more reliable guide to support possible future beneficiaries of the measure. Activities included the project kick off with a day of events during which, on a voluntary basis, employees could decided to participate on a Working Group (WG), to revise the model used up to that point. The WG worked to produce the new standards, cooperating with an external facilitator chosen to support us in this work, with guidelines then disseminated to the entire Area with a video. In the field experiments with the new model are ongoing.

2. **Faculty for reconstruction of areas affected by natural disasters**

Aimed at temporary personnel, hired to serve as technical appraisers for reconstruction at Invitalia's offices in Bologna, an experimental project was begun to transfer skills and specialist knowledge from Invitalia staff already working in this area. An ad hoc training plan was developed and implemented, focussed on the main technical and managerial skills, on regulatory and methodological areas needed to work as a technical appraiser. Training was provided in various formats: traditional classroom and remote learning, making use of dedicated platforms. This project, aimed at temporary staff with internal teaching staff, made it possible to obtain funds through the FormaTemp interprofessional fund for continuing education.

3. Coaching

During the year individual coaching courses were begun for 20 high potential employees and employees with management responsibilities. 10 online coaching sessions of one hour were planned for each employee. The meetings began at the start of 2021 and are still under way. Overall, 18,236 hours of training were provided in 2020. This figure, while lower than in the past, represents not just objective difficulties linked to the use of remote work, but also substantial difficulties associated with the rapid and unplanned change in training formats, from classroom to e-learning. Many activities planned suffered a delay and will be carried out in 2021.
Finally, with respect to the staff for the entire Group, the average for the year is 11 hours per employee.
With regards to **MedioCredito Centrale**, in 2020 **376** people were involved in training courses. Approximately 5,655 training hours were provided, for an average of 18 hours/person[13].

In 2020, despite a situation impacted by the COVID-19 emergency, MCC continued to provide training courses, almost entirely remotely (virtual classroom, self-training, e-learning). Training programmes, which were in part realised through the use of incentives made available through funding (in particular the Banks and Insurance Fund) to finance company and/or individual training plans, were especially focussed on developing technical/specialist skills and training new hires. A great deal of attention was paid to credit products/services (securitisation and factoring) and subsidy measures ("Make Lazio" and the SME Guarantee Fund"), with specific courses planned.
With an eye to developing individual skills and developing employees, in 2020 MCC introduced a tool on the company intranet to allow personnel to proactively decide to participate in available courses, informing their managers. This new method accompanies the usual method of informing managers of obligatory training, with recipients identified beforehand by the relevant structures.

Training hours by Group company[14]

		2019		2020	
Training hours by Group company	**udm**	**Invitalia, Infratel**	**MCC**	**Invitalia, Infratel, IP**	**MCC**
Resources involved[15]	ppl	1,319	313	1,296	376
Total training hours	hrs	44,800	8,928	18,236	5,655
Average training hours per person[16]	hrs	27	30	11	18

		2019		2020	
Training hours by professional role	**udm**	**Invitalia, Infratel**	**MCC**	**Invitalia, Infratel, IP**	**MCC**
Managers					
Resources involved	**ppl**	**42**	**13**	**37**	**13**

[13] "Average training hours per person" is calculated using staff in place at 31/12, specifically 316 employees, of which 14 executives, 176 middle managers and 126 office workers.
[14] Training data shown separately by company, as the data collection systems and methods differ among them. The Group is in the process of implementing standardised KPIs for the companies included in the scope of this document, to ensure the data calculated is uniform and comparable.
[15] The number of "resources involved" and "total training hours" also refer to training provided to employees who left during the course of the reporting year.
[16] "Average training hours per person" is calculated on the basis of staff in force at 31/12.

		2019		2020	
Training hours by professional role	**udm**	**Invitalia, Infratel**	**MCC**	**Invitalia, Infratel, IP**	**MCC**
% with respect to the total number of people involved	%	3%	4%	3%	3%
% with respect to Executives at 31-12	%	89%	130%	70%	93%
Total training hours	**hrs**	**1,556**	**197**	**236**	**114**
Average training hours per person	hrs	33	20	4.5	8
% compared to total hours worked	%	3%	2%	1%	2%
Middle management					
Resources involved	**ppl**	183	172	141	186
% with respect to the total number of people involved	%	14%	55%	11%	50%
% with respect to Executives at 31-12	%	80%	101%	63%	106%
Total training hours	**hrs**	**6,490**	**4,950**	**1,474**	**2,505**
Average training hours per person	hrs	28	29	6.6	14
% compared to total hours worked	%	14%	56%	8%	44%
Clerical workers					
Resources involved	**ppl**	1,093	128	1,118	177
% with respect to the total number of people involved	%	83%	41%	86%	47%
% with respect to Executives at 31-12	%	78%	114%	78%	140%
Total training hours	**hrs**	**36,730**	**3,781**	**16,526**	**3,036**
Average training hours per person	hrs	26	34	11.7	24
% compared to total hours worked	%	82%	42%	91%	54%

		2019		2020	
Hours of training by gender	**udm**	**Invitalia, Infratel**	**MCC**	**Invitalia, Infratel, IP**	**MCC**
Women					
Resources involved	ppl	645	146	648	171
% with respect to the total number of people involved	%	49%	47%	50%	45%
Total training hours	**hrs**	**22,069**	**4,123**	**9,270**	**2,406**
Average training hours per person	hrs	27	30	11	16
% compared to total hours worked	%	49%	46%	51%	43%
Men					
Resources involved	ppl	673	167	648	205
% with respect to the total number of people involved	%	51%	53%	50%	55%
Total training hours	**hrs**	**22,707**	**4,812**	**8,966**	**3,249**
Average training hours per person	hrs	27	31	**10**	19

		2019		2020	
Hours of training by gender	udm	Invitalia, Infratel	MCC	Invitalia, Infratel, IP	MCC
% compared to total hours worked	%	51%	54%	49%	57

5.2.3 Welfare[17] [GRI 401-2]

In terms of "standard" benefits provided, no distinction is made in the company's national collective labour contract (CCNL) based on contract type.
By way of example, the company provides:

- Canteen ticket: for workers, for each day of effective presence at work, replacing the canteen service;
- Supplementary Health Insurance: employees are provided additional health coverage with respect to the National Health Service. In the case of emergency medical services, the Company pays the deductible;
- Insurance policies: the Company pays premiums for professional injury and extra-professional policies in the case of permanent disability and life insurance policies in the case of death;
- Supplemental pensions: a complementary defined contribution pension scheme has been introduced, with individual capitalisation. The contribution is divided between the worker and the Company based on the methods and forms established under current law;

The sections below provide details relative to the companies of the Group.

Welfare for Invitalia, Infratel Italia and Invitalia Partecipazioni

In 2020, in line with that established in the current CCNL, those eligible could convert all or part of their productivity bonus into welfare services. **31.4%** of total available bonuses were converted, up sharply **(+17%)** with respect to the previous year (2018); at Infratel Italia, the percentage of bonuses converted to welfare amounted to 21%.
Employees were able to spend these amounts in the **AON services portal** based on articles 51 and 100 of the TUIR (Consolidated Income Tax Act) (i.e. using reimbursements, vouchers and payments). At the end of the year, which also represents the end of the welfare plan, the most used spending categories were health, parenting and insurance.
In addition to the services portal and active conventions, Invitalia continued to invest in welfare policies by providing services that meet employees' needs (making use of constant feedback coming from the Company Welfare Ambassadors, around 40 people from various BUs):

- **health and additional insurance** - the supplementary healthcare policy, renewed in July 2020, ensures employees have direct access to healthcare services in participating structures or reimbursement for care received through non-participating structures and/or doctors; 223 employees made use of options to increase supplemental health services; additionally, for employees with permanent contracts, the company makes an annual contribution to a **complementary pension fund**, **46** people chose to adhere to one of the two funds established in the CCNL;

- **flexibility and mobility** - beyond the massive use and confirmation of remote work necessitated by the pandemic, in November a mobility survey was done (taken by over 50% of staff), to assist in the preparation of the work/home travel plan which will be completed in 2021;

[17] A productivity bonus is not used in Invitalia Partecipazioni because the small number of employees makes it impossible to create productivity working groups.

- **psychological well-being** - starting in June 2020, it was possible to make use of an online counselling service, anonymously and confidentially. Every employee can use a dedicated portal to make use of up to 5 sessions offered by a specialist, selected by the employee to best meet their requirements. Periodically the company organises, in cooperation with experts, webinars on psychological health issues, which can also be viewed on the company intranet at a later date. Around 90 sessions had been held six months after the project started.

Due to restrictions imposed by the pandemic, in 2020 the usual summer camps for children of employees and intensive language courses outside of working hours could not be organised.
Following the agreement signed between Invitalia and Mediocredito Centrale, allowing Invitalia employees to make use of favourable conditions for personal loans and mortgages, 132 Invitalia employees requested these advantages in 2020.

Organisational well-being

Based on the results of the 2019 climate analysis, at the beginning of 2020 the company decided to organise voluntary working groups to propose initiatives to respond to problems identified in the survey (which involved three areas: manager/worker relationships, organisational citizenship and perceived inclusion). During the first months of the year the groups met and worked to design 9 initiatives which were then proposed to top management. Some of these were implemented (such as new formats on the company intranet, the diversity and inclusion principles declaration), while others are expected to be implemented in 2021.

Employee benefits for MedioCredito Centrale

Company welfare ensures development of policies to increase the well-being of all company employees. Mediocredito is attentive to relevant best practices and changes in the market.
In order to improve work life balance, the following initiatives have been realised:

- Organisational and cooperative smart working: experiments with remote work continued, progressively increasing the scope of application;
- "*COVID-19 emergency remote working*": an extraordinary measure adopted when managing the peak of the emergency related to the virus, with the aim of limiting contagion and protecting worker health and safety;
- "*Remote working*": the ability to make use of telecommuting was extended to all workers who are responsible for activities that can be provided remotely and have acquired a degree of professional maturity in the necessary skills, consistent with the need to monitor productivity, always with the aim of supporting worker well-being;
- "*Health assistance*": the health policy was renewed and harmonisation of the regulations adopted for office workers and middle managers is planned.

5.3 Health and Safety [GRI 403]

The Group oversees the management and control of Workplace Health and Safety (WHS) with the aim of ensuring the protection of its employees and of all external parties that interact with its organisation, in compliance with the provisions of the relevant legislation.
With an eye to rendering more systematic the management and control processes regarding health and well-being, **Invitalia** went from a BS OHSAS 18001:2007 Management System to a UNI ISO 45001:2018 one[18].
While OHSAS 18001:2007 focussed on managing occupational health and safety risks and other internal issues, the new norms concentrate on the interactions between the organisation and the context in which it operates.
The structure of UNI ISO 45001:2018 is considered to be a High-level structure (HLS) in that it is intended to guarantee compatibility with other management systems with an eye to possible integration.

[18] Invitalia Partecipazioni's offices are located at Via Pietro Boccanelli, 12/30, covered by Invitalia S.p.A's ISO 45001.

New instructions are provided with regards to the direct commitment and final responsibility of management in implementing and applying the Management System, while the top level management representative is no longer referenced explicitly. The concept that the Management System should not be separate from organisational processes but integrated with them is rendered explicit, focussing on the participation of non-management workers in SSL processes.
One of the most significant innovations in the new rules is the requirement for strategic planning for the management system, identifying and assessing not just risks but also opportunities for improving health and safety, identified through analysis of the context in which the organisation operates.
The switch to 45001:2018 certification led to the elimination of the Management Representative concept with the management system, giving way to the concept of cross-sectional leadership throughout the organisation, accompanying the efforts of top management, which Invitalia implemented by establishing the HSMS Team, consisting of protection and prevention service employees working at individual offices, a representative of Facility Management and a Worksite representative, representing all worksites for all offices.
In November 2020, Invitalia received confirmation of its UNI ISO 45001 Management System from an independent accredited certification body, passing the third-party audit without any non-compliances identified.
The HSMS is the reference standard for all Group companies, which operate independently in relation to specific needs, but ensure uniformity of approach at a global level. Within the System, also for 2019-2020, specific goals have been identified regarding the most sensitive aspects of health and safety management (both operational and management-related), in order to ensure continuous improvement of company performance in this area, beyond the obligatory legislative provisions.
Infratel also has a Health and Safety Management System (HSMS), an integral part of the Organisation, Management and Control Model (OMCM), pursuant to Legislative Decree 231/01 (for details, please see below).
For both Invitalia and Infratel, the HSMS is supported by internal regulations which are revised and updated on a regular basis and which regulate company processes in compliance with the requirements set by the Standard and by the OMCM 231/01 by means of:

- The HSMS Manual
- Procedures that define roles and responsibilities in relation to hazard identification procedures, risk assessment based on internal and external situations and stakeholder expectations, definition of actions to mitigate risks and take advantage of opportunities, to manage internal audits, to verify and measure system performance, to track, analyse and manage anomalous situations (incidents, non-compliance) and to identify corrective actions and possibilities for continuous improvement;
- Forms for recording data/information demonstrating the implementation of processes or parts thereof.

The HSMS and the management of health and safety are implemented through an organisation that, in addition to the roles required by current legislation (Managers, Supervisors, emergency teams, etc.), is centred on the figure of the Head of the Safety Management System (HSMS) who, in agreement with the Management Team, figure presides over the application of all obligations, assisted by the HSMS Team.
Through the HSMS, good practices are disseminated among employees and actions are promoted aimed at spreading the culture of safety in the company, with the intent of sensitising all workers to the adoption of responsible behaviour and encouraging direct involvement and active participation, also through the reporting to the designated functions of dangerous situations, accidents, near misses and/or non-compliances.
To this end, the dedicated section has been reorganised on the company Intranet so that all employees can take note and be aware of the corporate safety-related policies and practices. The following documentation is available on the specific the Intranet page:

- WHS Presentation: which illustrates the logic, the process and the methods of implementation of the System;

- Internal regulations: HSMS manual, Procedures and Forms;
- Management Review 2020;
- Goals and Programmes 2020;
- Appointment of Head of the Management System;
- Monitoring Plan 2020;
- Safety organisation chart, composition of emergency teams for each company location and WSR;
- Risk assessment document, Emergency plan and architectural plans for all company locations (annexes with regards to regulations for employees assigned to help those with disabilities, behavioural provisions with regards to armed threats (discovery of a bomb in the structure) and those relative to building collapse, earthquake or flooding constitute an integral part of the plan;
- Specific disclosures on behavioural measures: Videoterminal use disclosure;
- General disclosure on indoor air quality;
- General information on the use of multiple sockets and electrical appliances not supplied by the employer, information on Supplementary Prevention and Protection Measures for the management and use of vehicles, Operational safety instructions for toner replacement
- COVID-19 information and management protocols;
- Minutes of meeting to present the results of the environmental survey for the Invitalia Rome headquarters.

To support knowledge and awareness of workplace health and safety issues and in compliance with the relevant regulatory provisions (Italian Legislative Decree No. 81/08, as amended, Italian Ministerial Decree No. 388/03, Ministerial Decree 10/03/1998, etc.), also for 2020, the training needs for the workers have been charted (basic training for new recruits, updating, integration and training adaptation in case of change of duties, first responder fire and first aid teams etc.) and for all the company roles involved (Managers, Supervisors, Workers safety representatives, Protection and Prevention Service Officers, etc.). Schedules and start dates for training activities were defined and started, when compatible with regulatory provisions to combat and contain COVID-19, as detailed below. Additionally, training and awareness projects were planned and carried out relative to the Safety Management System.

In compliance with legal provisions, a Risk Assessment Document and the Emergency Plan have been drawn up for each of the Group's offices, with related prevention and protection measures and improvement plans in place. Regarding the management of emergencies, the components of the emergency team were also identified and designated (workers assigned to fire fighting and the first responders), who have been trained in the role through specific training courses, in accordance with the current legislation. In terms of the annual fire drill, in the context of measures adopted to combat and contain COVID-19, it was decided to postpone this activity, instead beginning a project to raise awareness and directly involve employees in the application of measures to be adopted in emergencies, to maintain the level of attention paid to prevention high, while awaiting the possibility to carry out the drill.

All actions to implement and improve the levels of health and safety are periodically managed and monitored, both in terms of efficiency and effectiveness, through specific tools, monitored by the HSMS (Plan for Non-Compliances, Incidents, Corrective Actions and Improvements and Monitoring Plan), also with the support of the company functions in charge. Specifically, moreover, in November 2020, Group management, with the support of the HSMS, reviewed the System, involving the HSMS Team in the annual Management Review.

There are no specific agreements with the trade unions regarding health and safety issues, except as expressly prescribed by the consolidated law on health and safety in the workplace, pursuant to Italian Legislative Decree No. 81 of 2008. Worker participation in the health and safety process is also guaranteed by 9 worker safety representatives (of which 8 for Invitalia and 1 for Infratel) involved through periodic meetings pursuant to article 35 of Italian Legislative Decree No. 81/08, as amended, as well as through invitations to participate in inspections, checks and opportunities to share and communicate with regards to assessment of risks and organisation (appointment of emergency teams, company physician, etc.), as well as the objectives and performance of the Safety Management System. The Group provides the Workers' Safety Representatives with all the tools necessary to exercise their roles (including training and the related annual update), within the terms prescribed by the regulations and by the company's union agreements. The percentage of workers represented is 100%. As per the results of the Risk Assessment, there are no processes that expose workers to high risks.

Invitalia approaches safety matters in terms of maximum protection, specifically, providing a basic training of 16 hours in total (12 hours dedicated to specific risks, related prevention and protection measures) to personnel who perform checks/inspections at client locations or specific sites, including contexts that are configured as temporary and mobile construction sites (Title IV of Legislative Decree 81/08, as amended). The possible exposure to high risks is monitored through a system of constant interaction between the Work Site Representative and the Head of the Prevention and Protection Service, under the supervision and control of the HSMS, in order to promptly assess exposure to specific non-ordinary risks of the activity and proceed with relative adjustments (health surveillance, PPE, training, etc.).

From the beginning of the COVID-19 emergency, in 2020, Invitalia and the companies of the Group monitored analysed regulations and technical documents, using these as references to identify methods and procedures to implement to protect worker health. To that end, the shared protocols signed by the unions were used as a starting point, preparing documents (operating instructions, manuals, etc.) that outlined protective measures and operating methods, for each individual location, when necessary, and detailing roles, also based on the results of assessments of specific risks.

In Invitalia a Committee was established on 15/03/2020, consisting of the Security Delegate, the Manager of the Safety Management System, and coordinated by the Employer Delegate, with assistance from the Manager of the Health and Safety Management System and the Company Doctor, to manage the emergency and verify the effectiveness of actions taken, as well as to monitor compliance with regulations. The filing and conservation of evidentiary documents was guaranteed at all times, with assistance from the relevant company departments. That defined and implemented involved the union representatives and WSRs on a continuous basis, who contributed proactively throughout the emergency.

Invitalia and the Group companies began specific assessment of additional risks consisting of the possibility of COVID-19 contagion, which led to the issuing of an annex to the DVR.

Employees were provided with training and information on COVID-related issues.

From the beginning, this information was provided with the methods able to guarantee the most widespread and rapid dissemination of instructions coming from authorities and the Company (Employer and Officer, MC, SPP), going to the relevant company functions and internal personnel through multiple channels, including email, the company intranet, display in common areas and entryways.

The cleaning and sanitising called for in protocols and regulations were carried out with the frequency and methods established by Invitalia - this was daily for areas and surfaces frequently touched, twice a day for bathrooms and monthly for air treatment systems.

In addition to informational activities, intended to raise awareness about health and hygiene issues in the workplace, production activities via remote work were organised, with almost all travel suspended.

Access to remote work, as established in the procedures implemented by Invitalia's Human Resources office, took effect between 10.03 to 25.03 and continued without a break throughout April, May and June. The switch from remote work to mixed in person/remote work was periodically scheduled by function managers, with the information sent to the Human Resources office with specific calendars. This is still in effect.

The company organisation is managed by the Employer and disseminated through the company intranet. Methods used to manage travel in exceptional cases are also communicated via email.

Instructions were also provided to guarantee health and safety when working remotely through internal communications.

Shift work schedules for employees not subject to exoneration (fragile workers, etc.) continue to be managed through corporate communications published on the Intranet each week.
Health monitoring was suspended solely during the "lockdown" period. The doctor in question in any case continued to inform the company of any particular fragility or current or previous pathologies suffered by employees and the company acted to protect these individuals while respecting their privacy. The company doctor also applied all instructions issued by the healthcare authorities.
The company doctor was actively involved in all aspects and initiatives associated with management of the emergency, including providing constant information to personnel. After the lockdown, normal preventive and scheduled visits continued.
During 2020, Infratel also revised its HSMS to switch from a BS OHSAS 18001:2007 system to a UNI ISO 45001:2018 management system. Also in 2020 **Infratel Italia** migrated its Safety Management System to the requirements of the new UNI ISO 45001:2018, developing the role that each entity has within the system itself, as well as involving not just top management but all people who de facto have influence over decisions, are influenced by them or only perceive the same. With the switch to the new norms, a greater emphasis is placed on workers and their participation. Other improvements include an improved approach to managing health and safety for contractors, as well as making health and safety part of the purchasing decision making process. Implementation of the new HSMS based on UNI ISO 45001 led to training sessions for all company departments.
Mediocredito Centrale also monitors management and control of Workplace Health and Safety (WHS) with the aim of ensuring the protection of its employees and of all external parties that interact with its organisation, in compliance with the provisions of the relevant legislation.
To that end, the use of a *Workplace Health and Safety Management System* (HSMS) has been introduced, with the objective of spreading useful information to those involved in Mediocredito Centrale's Safety System, as well as increasing awareness in all workers about responsible actions and supporting direct and active participation.
Safety organisation has been updated on the company Intranet, allowing workers the possibility of learning about:

- relevant regulations (Italian Legislative Decree No. 81/08);
- emergency teams (fire prevention, BLS and BLSD);
- safety plans;
- the location of first aid kits.

Accidents and absenteeism

Below is data on accidents.

	2019		2020	
Employee workplace injuries	**Invitalia, Infratel**	**MCC**	**Invitalia, Infratel, Invitalia Partecipazioni**	**MCC**

Total number of deaths due to workplace injury	0	0	0	0
Total number of serious workplace injuries (excluding deaths)	0	0	0	0
Total number of workplace injuries which can be recorded	20	1	11	3
Hours worked	**2,234,131.74**	**427,020.00**	**2,559,610.75**	**474,600.00**
Rate of deaths due to workplace injury	**-**	**-**	**-**	**-**
Rate of serious workplace injuries (excluding deaths)	**-**	**-**	**-**	**-**
Rate of workplace injuries which can be recorded[19]	**8.95**	**2.34**	**4.30**	**6.32**

[19] Rates for injuries are calculated based on 1,000,000 hours worked.

6 Energy efficiency and environmental protection

While the Group carries out activities which do not have significant environmental impacts, it still constantly focusses on how to improve its environmental impact, understood to be a fundamental driver in achieving its mission.
In this sense, Invitalia is committed to implementing strategies and initiatives that promote responsible use of energy sources and to limit the impacts and consumption associated with its structures, through efficient and responsible use of resources and optimisation of consumption.
Invitalia contributes to the reduction of GHG emissions and other pollutants through rational use of resources and energy, adopting sustainable labour practices and internal energy efficiency policies.
Below are the material issues correlated to the Strategic and Sustainability Area "Energy efficiency and environmental protection":

- Greenhouse gas emissions and pollutants;
- Use of energy resources.

6.1 Use of energy, water resources and emissions of greenhouse gases or pollutants [GRI 302-1; GRI 305-1; GRI 305-2]

To achieve its mission, the Group constantly focusses on improving its environmental impacts, understood as a driving factor on which to base well-being, development and sustainability.

Focus on: COVID-19

Approximately 30% reduction in energy consumption (electricity)

Approximately 63% reduction in water consumption

Due to its nature, the Group does not carry out any activities that have significant environmental impacts. Nonetheless, this issue is still relevant for the Company and in 2020, as a consequence of the pandemic and widespread use of remote work, it saw a reduction in consumption. Additionally, the Group is committed to implementing strategies and initiatives to promote responsible use of energy sources, to mitigate the impacts and consumption associated with its structures, through:

Efficient use of resources

We believe that practising responsible behaviour can contribute to reducing waste and sustain the commitment of individual employees to protecting and respecting the environment and conserving natural resources. In 2020, mainly due to the COVID-19 emergency and the consequent use of remote work, a significant decrease in consumption was seen with respect to 2019. In 2020, electricity consumption was mainly associated with office lighting and climate control and totalled 2,567,309 (Mwh),[20], while consumption of natural gas totalled 112,230 (Smc). Light and gas production together produced 13,202 GJ[21].
In terms of water consumption, in 2020 the Group used 17,751 m3, showing a reduction of 49% (34,461 m3) with respect to 2019.

The summary table below provides the details for 2019 and 2020, for Invitalia and Mediocredito Centrale. Infratel is excluded from consumption calculations as it does not have an individual supply

[20] The data reported in this paragraph refers only to the offices in which Invitalia or a Group company is the owner of a contract for the supply of water, electricity or gas which is significant in terms of consumption. In particular, it refers to the Rome offices in Via Calabria and Via Boccanelli, and for Mediocredito Centrale the central offices in Viale America. As they were closed, the peripheral offices (Naples, Catania, Bari, Milan, Pescara) did not generate consumption of electricity in 2020 (net of the relative contract fees).
[21] To calculate energy consumption in GJ, the following sources were used: Ministry of the Environment, Land and Sea Protection, Table of Standard National Parameters, 2018 (UNFCC National Inventory). In particular, for natural gas the coefficient 35.281 GJ/1000 Smc was used for 2020.

contract for gas, electricity or water. Relative to Invitalia Partecipazioni, since it is located within the Invitalia offices, its consumption is also included within the same supply contract.

Energy consumption internal to the organisation							
	Unit of Measure	2020			2019		
		Invitalia, Infratel, IP	MCC	Total	Invitalia, Infratel	MCC	Total
Electricity acquired[22]	kWh	1,964,296	603,013	**2,567,309**	2,444,445	669,376	**3,113,821**
Natural gas[23]	Smc	112,230	-	**112,230**	103,081	-	**103,081**

Energy consumption internal to the organisation (GJ)[24]							
	Unit of Measure	2020			2019		
		Invitalia, Infratel, IP	MCC	Total	Invitalia, Infratel	MCC	Total
Electricity acquired	GJ	7,071	2,171	**9,242**	8,800	2,409	**11,209**
Natural gas	GJ	3,960	-	**3,960**	3,634	-	**3,634**
Total	GJ	11,031	2,171	13,202	12,434	2,409	14,843

[22] None of the electricity acquired comes from sources certified as renewable.
[23] The offices of Mediocredito Centrale do not hold a supply contract for gas.
[24] To calculate energy consumption in GJ, the following sources were used: Ministry of the Environment, Land and Sea Protection, Table of Standard National Parameters, 2018 (UNFCC National Inventory). In particular, for natural gas the coefficient 35.281 GJ/1000 Smc was used for 2020.

Emissions (Scope 1)[25]							
Direct emissions of greenhouse gases (GHG) - Scope 1							
	Unit of Measure	2020			2019		
		Invitalia, Infratel, IP	MCC	Total	Invitalia, Infratel	MCC	Total
Natural gas[26]	tCO_2eq	223	-	223	203	-	203

Emissions (Scope 2)[27]							
	Unit of Measure	2020			2019		
		Invitalia, Infratel, IP	MCC	Total	Invitalia, Infratel	MCC	Total
Scope 2 Location-Based	tCO_2eq	545	167	713	725	198	923
Scope 2 Market-Based	tCO_2eq	915	281	1,196	1,181	323	1,504

With a view to rationalising the relevant impact, we promoted measures aimed at limiting our consumption, for example, heating and/or air-conditioning systems, as well as centralised lighting systems progressively decreasing performance from 5 pm onwards. Outside working hours these systems are generally turned off. As for vehicle fuel consumption, this is considered negligible and not reported. The company has a fleet of only 10 cars intended for service requirements. Invitalia promotes responsible and knowledgeable use of water, which is obtained exclusively through the public mains system.

[25] Scope 1: this category includes emissions coming from sources owned or controlled by the organisation. Scope 1 emissions are expressed as tonnes of CO2 equivalent. However, the percentages for methane (CH4) and nitrous oxide (N2O) are considered negligible given that they have a negligible effect on total greenhouse gas emissions, based on reference technical literature.

[26] To calculate emissions, the following sources were used: Ministry of the Environment, Land and Sea Protection, Table of Standard National Parameters, 2018 (UNFCC National Inventory). In particular, for natural gas the coefficient 56.231 tCO2/TJ was used for 2020.

[27] Scope 2: this category includes emissions deriving from consumption of electricity.
The Location Based approach uses average emission factors relative to specific national energy mixes in terms of electricity production. The Market Based approach uses emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Group and the electricity supplier (e.g. Guaranteed Origin purchases), an emission factor relative to the national "residual mix" was used for the Market Based approach.
Scope 2 emissions are expressed as tonnes of CO2 equivalent. However, the percentages for methane (CH4) and nitrous oxide (N2O) are considered negligible given that they have a negligible effect on total greenhouse gas emissions, based on reference technical literature.
To calculate emissions, the following sources were used:
Location-based
- ISPRA (Institute for Environmental Protection and Research) for Italy. In particular, the coefficients used were 277.6 gCO2/kWh for 2020 and 296.5 gCO2/kWh for 2019.

Market-based
- AIB European Residual Mixes. In particular, the coefficients used were 466 gCO2/kWh for 2020 and 483 gCO2/kWh for 2019.

Optimisation of materials consumption

Thanks to the centralised printing system, adopted as a policy for all the companies of the group, the number of printers has progressively reduced. This change has led to a significant reduction in toner consumption due to changes in user habits that have minimised the amount of documents printed. For the printing of our proprietary publications (e.g. the Social Responsibility Report) and for those of our stakeholders, we promote sustainable initiatives through the use of FSC® certified paper. Certification of printing methods involves chain of custody and the use of quality ecological printing inks and typographic operations in line with ecological standards. The same standard is applied to consumables available in bathrooms. Additionally, in place of paper towels, next generation low energy consumption hand driers have been installed.
Newspapers were also digitalised, paper taxi vouchers were eliminated (replaced with an app) and paper meal vouchers were substituted with electronic cards.
At MCC, the multifunction machines used for internal professional printing services are next generation models that offer considerable energy savings and reduced ozone emissions. Paper used for printing consists exclusively of FSC and Ecolabel recycled paper, coming from suppliers who are ISO 9001 and 14001 certified[28].
2020 saw the continuation of the internal communication campaign dedicated to the environment, energy savings and sustainable mobility in the form of specific projects, with the conviction that environmental sustainability is not just a value to be defended, but also a practice to be implemented. In this context, note:

- promotion of public transport use, with the Bank maintaining an agreement for the purchase of passes;
- a binding criteria established when selecting company cars in favour of electric or hybrid vehicles;
- the Bank's continued commitment to digitalising documents with consequent archiving in the same format.

Additionally, with a high level of personnel appreciation, the "**Beyond**" project continued, through which the Bank implements various initiatives mainly focussed on three aspects: *paperless*, *plastic free* [29] and *watersaving*.

Focus on: Plastic free

During 2019, a project to eliminate plastic bottles from canteens was approved which led to the installation of 10 water distributors at the offices in via Boccanelli, via Calabria and viale Europa, with 1,650 water bottles distributed to employees.
This occurred in February 2020 and data acquired in April 2021 to celebrate Earth Day showed the following results:

- 23,846 litres of water distributed;
- 13,132 fewer plastic bottles consumed;
- 903 kg less of CO_2 emitted;
- 57 kg less of oil consumed.

The project also called for the elimination of plastic cups and spoons from coffee and other beverage machines, replaced with 100% biodegradable paper cups and wooden spoons.

[28] These certifications refer to organisational processes adopted and certified with regards to the companies selected as suppliers.
[29] Relative to the plastic free aspect, the reference period is February-December 2020. During the initial lockdown (March-May 2020), the relevant machines were temporarily shut down.

Sustainable mobility: the use of transport solutions with a lower environmental impact

In January 2018, in compliance with the Ronchi decree, a Mobility Manager was appointed for Invitalia, with the aim of optimising systematic employee movements, to support environmental sustainability.

In 2020, implementation of a mobility plan continued, with the aim of decreasing the environmental impacts of employee movements and supporting greater work/life balance:

- dialogue continued with Rome Mobility Services, ENAV and Poligrafico dello Stato to create a direct access **interchange** to Via Boccanelli from Via Salaria in the direction of the Great Ring Road;
- bike racks were added at the two offices in Via Boccanelli and Via Calabria to encourage travel to the company offices using sustainable methods;
- showers were installed, exclusively for use by employees who commute via bicycle and/or scooters;
- the switch to electric for the company fleet began, with the installation of charging stations at the offices in via Calabria.
- The COVID-19 pandemic intensified the remote work programme which had already begun as an experimental project in 2019, with around 80 employees, which had already shown significant savings relative to the home/work commute (for **those who use a car** as the means of transport), with the following variables[30]:
  - *Average distance saved in one day of Remote Working per person:* ***15 km/day;***
  - *€ saved on average for one year of Remote Working per person:* ***€ 379*/year;**
  - *Average CO_2 emissions not produced per person in one year of Remote Working:* **167 kg CO_2/year.**

Focus on: Work/ Home Movement Plan

The Work/Home Movement Plan is recognised as a useful tool in reducing the use of private vehicles, together with the introduction of a Mobility Manager.

The domestic and international scenes are increasingly focussed on sharing services, to meet the growing mobility needs of citizens. In Rome, in addition to private transportation and local public transport, there are sharing services for bicycles, cars, motorised scooters and push scooters.

The transition from private mobility (cars; motorised scooters; other) to other forms of transport is supported by the companies and the institutions through specific bonuses, among other things (e.g. subsidised public transport passes, government incentives).

For **Invitalia**, analysis of the Work/Home Movement Plan involved the **three offices in Rome**: Via Calabria, Via Boccanelli and Viale Europa.

The results coming from analysis showed that **employees have a propensity to change mobility habits**towards more sustainable options:

- More than **60%** would be willing to make use of a company bus
- More than **42%** would be willing to bike
- More than **60%** would be motivated by a "gamification" system that rewards sustainable behaviour.

This propensity towards changing mobility habits was impacted by the COVID-19 pandemic, demonstrated by the post-lockdown increase in the use of private vehicles and the decrease in usage of local public transport (around 12%).

[30] Source: Studio MOVESION Work/Home Movement Plan.

Redevelopment of work spaces and common areas

At the beginning of 2020, extraordinary remodelling work began at the building located at Via Boccanelli 12-30. This work, entirely paid for by the owner of the building, Autostar SpA, after its completion in 2021 will allow for an increase in work spaces, optimising the division of space and its use by employees. The cafeteria will also be fully remodelled, able to welcome between 250/280 seated patrons.

In creating the new work spaces, the best solutions for energy savings and efficiency were identified: external glass surfaces (thermal) and internal dividing walls to reduce the use of artificial light, motion detectors for lighting in bathrooms and reduced filing spaces given that digitalisation of paper documents has already begun.

7. Job creation/protection and strengthening companies

In line with its mission and the definition of the value chain, the Group "*guarantees support for growth of the economic system throughout Italy: with special attention to areas suffering crises or with delayed development; also through the creation of new businesses and support for old ones*". Consistent with these principles, its business lines and its economic and financial policies, Invitalia is committed to achieving this objective through:

- financing and incentives intended to support the creation and development of businesses throughout Italy, in particular acting to support categories, areas and sectors that have difficulty accessing bank loans.
- supporting entrepreneurial development by disseminating a business culture;
- managing programmes and implementing measures intended to guarantee liquidity and advantageous conditions to companies in crisis, to support investments and spending associated with normal business operations and other costs, with a special focus on projects aimed at environmental sustainability, technological innovation and maintaining jobs.

The material issues correlated with the Strategic and Sustainability Area "Job creation/protection and strengthening companies" are:

- Dissemination of entrepreneurial culture;
- Strengthening of the production system;
- Creation and safeguarding of jobs;
- Support for business liquidity.

SME Guarantee Fund. Support for business liquidity during the COVID-19 emergency.
The report of the same name, prepared by Svimez in cooperation with Mediocredito Centrale, was presented in April.
The Svimez report indicates that the first effect was a massive increase in the number of requests (*1,877,179 requests for a total of € 153.5 billion*) more than ten times greater than 2019, the consequence of the work done to avoid a credit crunch similar to that seen in the last negative cycle in 2012 and 2013, with a marked decrease in loans. In fact, in the four quarters of 2020 loans to the real economy increased notably, in almost equal amounts in the Centre/North and the South of Italy.
An important section of the Report estimates the possible effects the crisis could have had in the absence of actions to support liquidity. Classifying ordinary companies which benefited from the Guarantee Fund into 5 categories based on their economic/financial situations, the simulation indicated that from 2018 to 2020 groups 2 and 3 (which include companies with good/fair situations) would have lost a total of 67,000 businesses while group 5 (which contains the companies with the worst conditions) would have grown by around 56,000 units. The policies implemented in 2020 prevented this situation from occurring.

8. Value for institutions

The sole shareholder of Invitalia is the Ministry of Economy and Finance, which manages and controls the Agency. Some of the company's most important clients are the Italian Presidency of the Council of Ministers, the Italian Ministry of Economic Development (MED) and other central and local administrations which entrust development programmes to Invitalia to strengthen administrative capacity, optimise processes, provide support to transform policies into concrete actions in the local area and to optimise activities associated with managing EU funds.
Additionally, the Group promotes the process of digitalising the country through development of innovative products and services.
The material issues correlated with the Strategic and Sustainability Area "Value for Institutions" are:

- Strengthening public administration actions;
- Digitalisation;
- Acceleration and control of EU fund usage.

9. Value for communities and local areas

Invitalia's implementation of policies and projects for its main clients is intended to create value for communities and local areas. In this sense, Invitalia operates through the development of plans and programmes to make investments that develop local areas and infrastructure.
The material issues correlated with the Strategic and Sustainability Area "Value for Communities and Local Areas" are:

- Support and acceleration of development interventions;
- Support for territorial cohesion;
- Redevelopment and enhancement of local areas.

10. Index of GRI content

GRI Standards	Disclosure	Page / Link	Notes and omissions
GRI 101: ACCOUNTING STANDARDS (2016)			
GRI 102: GENERAL DISCLOSURE (2016)			
Organisation profile			
102-1	Name of the organisation	257-259	
102-2	Activities, brands, products and services	257-259 Directors' Report on Operations	
102-3	Location of headquarters	258	
102-4	Location of operations	258	
102-5	Ownership and legal form	257-259	
102-8	Information on employees and other workers	293 ;297-298; Directors' Report on Operations	
102-9	Supply chain	281-283	
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	267-268	
102-17	Mechanisms for advice and concerns about ethics	270-272	
Governance			
102-18	Governance structure	Directors' Report on Operations	
102-25	Conflicts of interest	283	
102-35	Remuneration policies	298	
102-36	Process for determining remuneration	298-300	
Stakeholder involvement			
102-40	List of stakeholder groups	260-261	
102-41	Collective bargaining agreements	297-298	
102-42	Identifying and selecting stakeholders	260-261	
102-43	Methods of stakeholder involvement	260-261	
Accounting practices			
102-45	Entities included in the consolidated financial statements	257-259	
102-46	Defining report content and topic Boundaries	260-262	
102-47	List of material topics	262-262	
102-49	Changes in reporting	257-259	
102-50	Reporting period	257-259	
102-51	Date of most recent report	The consolidated non-financial disclosure was published after an opinion was issued by the independent auditing firm (6 July 2020).	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	PSPI@postacert.invitalia.it	
102-54	Claims of reporting in accordance with the GRI Standards	257	
102-55	GRI content index	319-325	
102-56	External assurance	352-354	
TOPIC-SPECIFIC STANDARDS			
GRI 200: ECONOMIC SERIES (2016)			
Topic: Prevention of and fight against corruption			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265 ; 326-328	
103-2	The management approach and its components	268-270 ; 270-272	

GRI Standards	Disclosure	Page / Link	Notes and omissions
103-3	Evaluation of the management approach	272-281	
GRI-205: Corruption Prevention (2016)			
205-1	Operations assessed for risks related to corruption	272-281	
205-2	Communication and training about anti-corruption policies and procedures	272-281	*The indicator is only partially compliant with the requirements for the reference standard*
205-3	Confirmed incidents of corruption and actions taken	272-281	
GRI 300: ENVIRONMENTAL SERIES (2016)			
Topic: Taxes			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	289-290	
103-2	The management approach and its components	289-290	
103-3	Evaluation of the management approach	289-290	
GRI-207: Taxes (2019)			
207-1	Approach to taxes	289-290	
207-2	Tax governance, control, and risk management	289-290	
207-3	Stakeholder engagement and management of concerns related to tax	289-290	
Topic: Use of energy resources			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270; 314-315	
103-3	Evaluation of the management approach	314-315	
GRI-302: Energy (2016)			
302-1	Energy consumption within the organization	312	
Topic: Greenhouse gas emissions and pollutants			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270; 314-315	
103-3	Evaluation of the management approach	314-315	
GRI-305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	312	
305-2	Energy indirect (Scope 2) GHG emissions	313	
Topic: Responsible supply chain management			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270; 281-283	
103-3	Evaluation of the management approach	281-283	
GRI-308: Environmental assessment of suppliers (2016)			
308-1	New suppliers that were screened using environmental criteria	281 There are no formal Group policies regarding assessment of suppliers on the basis of environmental criteria.	The Group has established the objective of adding environmental criteria to its supplier

GRI Standards	Disclosure	Page / Link	Notes and omissions
			evaluation procedures within the next two years.
GRI 400: SOCIAL SERIES (2016)			
Topic: Employee welfare			
GRI-103: Management of the issue (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 292-304	
103-3	Evaluation of the management approach	292-304	
GRI-401: Employment (2016)			
401-1	New employee hires and employee turnover	293-295	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	303-304	
Topic: Protection of Health and Safety			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 304-309	
103-3	Evaluation of the management approach	304-309	
GRI-403: Workplace health and safety (2018)			
403-1	Occupational health and safety management system	304-309	
403-2	Hazard identification, risk assessment, and incident investigation	304-309	
403-3	Occupational health services	304-309	
403-4	Worker participation, consultation, and communication on occupational health and safety	304-309	
403-5	Worker training on occupational health and safety	304-309	
403-6	Promotion of worker health	304-309	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N.A.	
403-9	Work-related injuries	309	
Topic: Development and enhancement of human resources			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 298-301	
103-3	Evaluation of the management approach	298-301	
GRI-404: Education and training (2016)			
404-1	Average hours of training per year per employee	301-303	
404-3	Percentage of employees receiving regular performance and career development reviews	298-300	
Topic: Development and enhancement of human resources			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	368-370; 292-296	
103-3	Evaluation of the management approach	292-296	
GRI-405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	295-296	
Topic: Non-Discrimination			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270	
103-3	Evaluation of the management approach	298-299	

GRI Standards	Disclosure	Page / Link	Notes and omissions
GRI-406: Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	During the reporting period no episodes related to discriminatory practices were recorded.	
Topic: Responsible supply chain management			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 281- 283	
103-3	Evaluation of the management approach	281-283	
GRI-414: Social assessment of suppliers (2016)			
414-1	New suppliers that were screened using social criteria	281 There are no formal Group policies regarding assessment of suppliers on the basis of social criteria.	The Group has established the objective of adding social criteria to its supplier evaluation procedures within the next two years.
MATERIAL ISSUES [NOT CORRELATED WITH A GRI TOPIC-SPECIFIC STANDARD]			
Redevelopment and enhancement of the territories			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270; 318	
103-3	Evaluation of the management approach	318	
Support and acceleration of development interventions			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 318	
103-3	Evaluation of the management approach	318	
Reinforcing the production system			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 316	
103-3	Evaluation of the management approach	316	
Support for territorial cohesion			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 318	
103-3	Evaluation of the management approach	318	
Dissemination of entrepreneurial culture			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 316	
103-3	Evaluation of the management approach	316	
Strengthening public administration actions			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 317	
103-3	Evaluation of the management approach	317	

GRI Standards	Disclosure	Page / Link	Notes and omissions
Acceleration and control of EU fund usage			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270; 317	
103-3	Evaluation of the management approach	317	
Creation and safeguarding of jobs			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 316	
103-3	Evaluation of the management approach	316	
Digitalisation			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 ; 317	
103-3	Evaluation of the management approach	317	
Support for SME liquidity			
GRI-103: Management methods (2016)			
103-1	Explanation of the material topic and its Boundary	263-265; 326-328	
103-2	The management approach and its components	268-270 316	
103-3	Evaluation of the management approach	316	

11. Correlation table, Italian Legislative Decree No. 254/2016 and GRI

Legislative Decree area 254/2016	Material issue for Invitalia	Scope		GRI specific standard
		Scope of materiality	Type of impact	
Social Issues	Redevelopment and enhancement of the territories	Group Local communities	Direct – caused by the Group Indirect – linked to Group activities	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Support and acceleration of development interventions	Group	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Reinforcing the production system	Group	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Support for territorial cohesion	Group Local communities	Direct – caused by the Group Indirect – linked to Group activities	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Dissemination of entrepreneurial culture	Group	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Responsible supply chain management	Group Suppliers	Direct – caused by the Group Indirect – linked to Group activities	GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment
Personnel issues	Development and enhancement of human resources	Group	Direct – caused by the Group	GRI 404: Training and education GRI 405: Diversity and equal opportunity
	Employee benefits/well-being	Group	Direct – caused by the Group	GRI 401: Employment

Legislative Decree area 254/2016	Material issue for Invitalia	Scope		GRI specific standard
		Scope of materiality	Type of impact	
	Protection of Health and Safety	Group	Direct – caused by the Group	GRI 403: Occupational Health and Safety
Environmental issues	Use of energy resources	Group Environmental stakeholders	Direct – caused by the Group	GRI 302: Energy
	Greenhouse gas emissions and pollutants	Group Environmental stakeholders	Direct – caused by the Group	GRI 305: Emissions
Corruption prevention	Prevention of and fight against corruption	Group	Direct – caused by the Group	GRI 205: Anti-corruption
	Transparent communication	Group Media	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
Human Rights	-	Group	Direct – caused by the Group	GRI 406: Non-discrimination
n/a	Strengthening public administration actions	Group Beneficiaries	Direct – caused by the Group Indirect – linked to Group activities	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Acceleration and control of EU fund usage	Group Beneficiaries Local communities	Direct – caused by the Group Indirect – linked to Group activities	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Creation and safeguarding of jobs	Group	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]

Legislative Decree area 254/2016	Material issue for Invitalia	Scope		GRI specific standard
		Scope of materiality	Type of impact	
	Digitalisation	Group	Direct – caused by the Group	n.a. [Material issue not covered by GRI Topic-specific Disclosure]
	Support for SME liquidity	Group Beneficiaries Local communities	Direct – caused by the Group Indirect – linked to Group activities	n.a. [Material issue not covered by GRI Topic-specific Disclosure]

National Agency for the attraction of investments and enterprise development SpA

Certification of the Consolidated Financial Statements pursuant to article 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. The undersigned Domenico Arcuri as Managing Director and Domenico Tudini in his capacity as Financial Reporting Officer for the National Agency for the attraction of investments and enterprise development S.p.A. hereby certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998:

    - suitability in relation to the characteristics of the Group and
    - effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 31/12/2020.

2. In this regard, during the 2020 financial year, the following significant aspects emerged:
    2.1 <u>Decree Law 142 of 16 December 2019 - Capital increase for Banca Popolare di Bari:</u> in execution of that governed under the above Decree Law, containing "Urgent measures to support the credit system in southern Italy and to create an investment bank", a total of € 430 million in "capital grants" were assigned to Invitalia, with the specific purpose of strengthening the capital of the subsidiary Banca del Mezzogiorno - Mediocredito Centrale S.p.A., so that it could sign a framework agreement with Banca Popolare di Bari, under extraordinary administration and with the Interbank Deposit Protection Fund for restructuring and recapitalisation. This agreement was signed on 31 December 2019. After having received the necessary authorisation from the Bank of Italy and the relative Board of Directors resolutions having been made by Invitalia and Banca del Mezzogiorno - Mediocredito Centrale, the capital increase was finalised on 29 June 2020 and on 30 June Banca del Mezzogiorno - Mediocredito Centrale received 98.6% of the shares associated with the share capital of Banca Popolare di Bari and its subsidiaries. On 11 March 2021, the Bank of Italy authorised the establishment of the Mediocredito Centrale Banking Group, identifying Banca del Mezzogiorno as the parent company, with management and coordination powers. Consequently, Banca del Mezzogiorno - Mediocredito Centrale will see to the preparation of its own consolidated financial statements.

    2.2 <u>Group real estate organisation and rationalisation plan:</u> as part of the process to rationalise the scope of the group, actions were begun to dispose of non-strategic equity investments and assets, in line with the regulatory provisions contained in Law 296/2006, MED instructions and the Invitalia business plan. In this regulatory and operating context, a specific legal provision was established that governs certain accounting aspects linked to the operations to dispose of the Invitalia Group's real estate assets. More specifically, this is article 47 of Law 77 of 17 July 2020 (Relaunch Decree). In preparing the Financial Statements, Invitalia held that the provisions contained in article 47 of the Relaunch Decre and the IAS/IFRS standards were compatible, given the possibility of derogations in exceptional cases.

    2.3 The suitability of the administrative and accounting procedures for the preparation of the financial statements as at 31 December 2020 has been verified by assessing the internal control system. This assessment was carried out taking into consideration the criteria established in the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

    2.4 In the course of 2020, the Financial Reporting Officer for the National Agency for the attraction of investments and business development S.p.A., with assistance from the Internal Auditing function, verified the suitability and effective application of the existing administrative and accounting procedures, with reference to the internal financial reporting control system.

3. 3. We further certify that:

3.1 The consolidated financial statements of the National Agency for the attraction of investments and enterprise development S.p.A. as at 31 December 2020:

3.1.1. were prepared in compliance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Standards Board (IASB), as well as the relative interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), with the exception of the derogation, as allowed under IAS 1, paragraph 19, as supported by a legal opinion obtained for that specific purpose, to take into account that established under article 47 of the Relaunch Decree. This authorised the recognition of capital losses in Shareholders' Equity, without a pass through in the Statement of Profit and Loss, deriving from the alignment of accounting values for Group real estate assets included in the real estate rationalisation and disposal plan to their fair value net of sales costs;

3.1.2. in the preparation of the annual financial statements, schedules and rules for completion were adopted pursuant to the provision issued by the Governor of the Bank of Italy on 30 November 2018. as amended in the Communication of 27 January 2021, relative to the impacts of Covid-19 and measures to support the economy and amendments to the IAS/IFRS;

3.1.3. are aligned with the entries in accounting books and records;

3.1.4. are suitable to provide a truthful and correct representation of the equity, economic and financial situation of the issuer and of the group of companies included in the scope of consolidation.

3.2 The directors' report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 28 May 2021

Managing Director
Domenico Arcuri
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Financial Reporting Manager
Domenico Tudini
Illegible signature

BOARD OF STATUTORY AUDITORS REPORT

Dear Shareholder,

This report was prepared by the Board of Statutory Auditors, consisting of the Chairman Gianluigi Serafini and the Standing Auditors Rosalba Cotroneo and Adriano Mesaroli. The Sole Shareholder Meeting held on 27 November 2020 appointed by the Board of Statutory Auditors in its current form for the financial years 2020-2022, through approval of the financial statements as at 31 December 2022. Pursuant to article 2429, paragraph 2 of the Italian Civil Code, we report on the supervisory activities we carried out during the year ending at 31 December 2020.
The Board of Statutory Auditors carried out its duties in the context of its supervisory function pursuant to article 2403 of the Civil Code and the provisions of the law associated with the same. In particular, as of its date of appointment (27 November 2020) through to the date the 2020 financial statements were approved the Board had 6 meetings.

On 28 May 2021, the Board of Directors approved the draft consolidated financial statements as at 31.12.2020, which show profits of € 36,897,000, accompanied by the Statement of Cash Flows and the Directors' Report on Operations, authorising the Managing Director to make any additions or corrections identified during the discussion as well as any other changes and/or additions of a formal nature which may be rendered necessary.
On 1 July 2021 the independent auditing firm issued its report, the certification of compliance pursuant to Italian Legislative Decree 254/2016 and the Additional Report pursuant to Article 11 of Regulation 537/EU/2014 in which any fundamental questions which arose during the statutory auditing must be indicated, highlighting any significant flaws found within the internal control system for the financial reporting process.

The Board of Statutory Auditors notes that the Notes to the Financial Statements contain the following declarations:

- the consolidated financial statements have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission through 31 December 2020, as required by European Union Regulation no. 1606/2002 implemented in Italy by Legislative Decree 38 of 28 February 2005, with the exception of the derogation on application of these standards used by the Company, as envisaged under article 47 of the Decree Law of 19 May 2020, converted with Law 77 of 17 July 2020 (hereafter, article 47), and described below, with regards to the preparation of the financial statements in line with that established in paragraph 19 of IAS 1 in the presence of exceptional cases.
- in preparing the consolidated financial statements, we observed the compilation format and rules set forth in the Bank of Italy Governor's Decree of 30 November 2018.
- the Agency was exempted by the MEF decree dated 10 October 2012 from the application of the regulation pursuant to Title V of the T.U.B., as it is subject to other forms of equivalent supervision (MEF, Court of Auditors). This exemption does not change the company's standing as a "Financial Intermediary" and, consequently, does not reflect on the governance of the financial statements as previously indicated and applied continuously over time. Nonetheless, to provide continuity in its reporting, the company continued to use the preparation criteria pursuant to Title V of the TUB, as established through a decree of the Italian Ministry of Economy and Finance, even if it is not subject to these regulations. The foregoing is stated also on the basis of a pro veritate legal opinion issued by a qualified professional.
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The Board of Statutory Auditors acknowledges that in the Certification of the consolidated financial statements, issued pursuant to Article 81-*ter* of CONSOB Regulation no. 11971 of 14 May 1999 as amended, issued on 28 May 2021 by the Managing Director and the Financial Reporting Manager, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998:

- suitability in relation to the characteristics of the Group;
- effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 31.12.2020.

Additionally, in the same document, it is certified that the consolidated financial statements for the Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. as at 31 December 2020:

- were prepared in accordance with the IFRS and IAS issued by the IASB and the relative interpretations issued by IFRIC;
- in the preparation of the consolidated financial statements, the "compilation format and rules compliant with the Bank of Italy Governor's decree" were adopted to facilitate a more correct comparison with the data of the previous year, also considering that the company is a financial intermediary pursuant to Article 114 of the TUB;
- are aligned with the results of the accounting books and records;
- are suitable for the provision of a truthful and correct representation of the equity, economic and financial situation of the issuer and of the group of companies included in the consolidation.

The same certification also acknowledges the following aspects worthy of note:

- the Agency obtained from the Ministry of Economy and Finance, in compliance with article 1, paragraph 1 of Decree Law 142/2019, the assignment of a total of € 430 million intended to strengthen the capital, through a capital grant, of Banca del Mezzogiorno - Mediocredito Centrale S.p.A. so that it can carry out financial operations in the form of acquiring an equity investment in the capital of Banca Popolare di Bari.
- As part of the process to rationalise the scope of the Group, actions were begun to dispose of non-strategic assets, in line with the regulatory provisions contained in Law 296/2006, MED instructions and the Agency's business plan.
- The suitability of the administrative and accounting procedures for the preparation of the financial statements as at 31 December 2020 has been verified by assessing the internal control system. This assessment was carried out taking into consideration the criteria established in the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- The Financial Reporting Officer for Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A., Domenico Tudini, was appointed on 16 October 2020, taking over for the Daniele Pasqualini who had resigned. During 2020, the Financial Reporting Officer verified the suitability and effective application of the existing administrative and accounting procedures, with reference to the internal financial reporting control system.

In accordance with the applicable rules on such matters, the activities of the Board of Statutory Auditors involved verifying the accuracy and suitability of the information contained in the documents making up the consolidated financial statements for the year ended on 31 December 2020, given that a legal audit of the accounts was delegated to the independent external auditing firm Deloitte & Touche which is responsible for issuing a specific report.

The Board of Statutory Auditors carried out this review according to the Rules of Conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts and the indications provided by the Bank of Italy concerning corporate controls and the activities of the Boards of Statutory Auditors of registered companies pursuant to Article 107 of the TUB, in the special register of financial companies.
With regard to the financial statements of the investee companies, no direct control was carried out by the Board of Statutory Auditors as this fall under the responsibility of the respective control bodies.
The Board of Statutory Auditors acknowledges that the Explanatory Notes illustrate the consolidation principles and the applied measurement criteria.

The documentation examined and the information obtained did not show deviations from the rules that govern the preparation of the consolidated financial statements.
It notes that the Directors' Report on Operations contains adequate information on the activities carried out and the foreseeable outlook for the company.

The Board of Statutory Auditors also acknowledges that the Directors' Report accompanying the Consolidated Financial Statements includes the Declaration of Non-financial Nature pursuant to Italian Legislative Decree no. 254 of 2016, in relation to which the independent auditing firm issued its report pursuant to articles 3 and 10 of Legislative Decree 254/2016 and article 5 of the CONSOB Regulation adopted with resolution 20267 of January 2018, which did not indicate any elements that suggest the NFD was not prepared in compliance with the requirements under the law and contained in the GRI Standards.

With reference to the Audit Report for the Consolidated Financial Statements as at 31 December 2020 for Invitalia S.p.A. issued on 1 July 2021 by Deloitte & Touche, the Board of Statutory Auditors notes that this document indicates that:

- an audit was performed on the consolidated financial statements of the Group Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa, consisting of the balance sheet as at 31 December 2020, the comprehensive profit and loss account, the statement of changes in shareholders' equity, the cash flow statement for the year ended on that date and the notes to the financial statements which also include a summary of the most significant accounting standards applied.
- The consolidated financial statements provide a truthful and correct representation of the financial position of the Group at 31 December 2020, of the financial result and cash flows for the year ended on that date in accordance with the IFRS adapted by the European Union as well as the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005 and Article 43 of Italian Legislative Decree no. 136/2015, with the exception of that described in the section "Basic elements of opinion", which states:

  "Article 47 of Decree Law 34 of 19 May 2020, converted with Law 77 of 17 July 2020 established that: "To ensure the full and effective execution of the company mission and achievement of the objectives contained in the business plan and the regulations in effect, Invitalia S.p.A. is authorised to recognised in its own accounting and equity entries only any decreases consequent to real estate rationalisation and disposal transactions carried out, also through newly established companies or those under public control, also indirect. [...]".
  During 2020 the Directors established a real estate rationalisation and disposal plan (the "Plan"), to be carried out in subsequent years, which will involve Invitalia and its subsidiaries Italia Turismo S. p. A. and Invitalia Partecipazioni S.p.A. The Plan calls for these assets to be transferred to a real estate fund managed by Investimenti Immobiliari Italiani SGR S.p.A., which, like Invitalia, is also fully controlled by the Ministry of Economy and Finance.
  In the light of that established in the cited norms and supported by an opinion prepared for that purpose, the Directors identified, also in the annual financial statements as at 31 December 2020, the write-downs deriving directly and indirectly from appraisals of the market value of the real estate assets included in the Plan, for a total of around € 20.5 million, found in the statement of comprehensive income rather than in the statement of profit and loss, as established in the International Financial Reporting Standards adopted by the European Union. In our opinion, this constitutes a deviation with respect to these standards, in that the circumstances established under IAS 1:19 for derogations from application are not met (hereafter, the "finding").

To that end, in the opinion of the Board of Statutory Auditors, the Agency applied the national regulations referenced above and the accounting criteria utilised do not constitute a deviation from the IAS regulations, as they fall under the derogation cases established in IAS 1.19, as is correctly held by the authoritative consultants in the detailed opinion acquired by the Company. In fact, the consolidated financial statements were prepared in compliance with the international accounting standards, with the exception of the derogation in application used as established under article 47 of Decree Law 34 of 19 May 2020, converted by Law 77 of 17 July 2020 (Relaunch Decree), which makes the cases established under the cited paragraph 19 of IAS 1 applicable, in the presence of exceptional cases. More specifically, the Board agrees with that contained in the citied opinion in consideration of applying the provisions of article 47 of the Relaunch Decree, constituting a sort of legal "exceptional case", which justifies the temporary non-application of the ordinary rules, to make use of a rule not indicated in the reference accounting standards. Additionally, we note that the adoption of a different accounting criteria would not have led to any change in consolidated shareholders' equity at 31 December 2020 and would have only impacted the Statement of Profit and Loss. Additionally, the Independent External Auditors certified that,
"the Directors' Report on Operations and certain specific information contained in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Group as at 31 December 2020 and are prepared in compliance with the law.
With regard to the checks carried out on the consolidated financial statements, the Independent External Auditors did not report any anomalies to the Board of Statutory Auditors with the exception of the Finding.
Instead, in their report, they indicated the key aspects of the audit activity that were most significant in the consolidated financial statements for the year under review, which we provide here below:

- Application of Article 1 of Decree Law 142/2019;
- Classification of loans to customers measured at amortised cost and not impaired, with reference to the investee company MCC-BDM.

With reference to the declaration pursuant to article 14, paragraph 2, letter e) of Legislative Decree 39/2010, issued on the basis of the knowledge and understanding of the company and the relative context acquired during the audit, the independent auditing firm indicated they had nothing to report.

Conclusions

In light of the foregoing and the information acquired throughout the year from the Administration and the External Auditors, the consolidated financial statements as a whole correctly express the financial position and the economic result of the Group for the year ended 31 December 2020 in compliance with the rules governing the consolidated financial statements.

The Board of Statutory Auditors issues this report for the purposes of the law.

Rome, 8 July 2021

THE AUDITORS

Gianluigi Serafini	Chair
Rosalba Cotroneo	Standing Auditor
Adriano Mesaroli	Standing Auditor

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Sole Shareholder of
Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the consolidated financial statements of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (" Invitalia" or "Company") and its subsidiaries (the "Group"), which comprise the balance sheet as at 31 December 2020, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Qualified Opinion

Article 47 of Decree Law no 34 of 19 May 2020, as converted by Law no 77 of 17 July 2020, provided that: "In order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia S.p.A. is authorised to enter solely in its balance sheet accounting records any decreases resulting from real estate rationalisation and disposal transactions carried out, also through newly incorporated or publicly controlled companies, including those indirectly controlled. [...]".

In 2020, the Directors drew up a plan for the rationalisation and disposal of real estate assets (the "Plan") – to be finalised in subsequent periods – that will regard Invitalia and the subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A. The Plan provides for the contribution of these assets to a Real Estate Fund managed by Investimenti Immobiliari Italiani SGR S.p.A., a company - like Invitalia – wholly controlled by the Ministry of Economy and Finance.

In light of the aforementioned legal provision and backed up by an expert opinion commissioned on the matter, in the consolidated financial statements at 31 December 2020, the Directors have already recognised the reduction in value of around Euro 20,5 million, resulting from the fair value measurement of the real estate assets coming under the Plan, in the Statement of Comprehensive Income rather than in the Income Statement as required by the International Financial Reporting Standards endorsed by the European Union. In our opinion, this constitutes a deviation from those standards as the circumstances required by IAS 1:19 for a departure from their application are not present.

We have performed the audit in compliance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are described further in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. in compliance with rules and principles on ethics and independence applicable under Italian law on the audit of financial statements. We believe we have obtained sufficient and appropriate evidence on which to base our qualified opinion.

During our work, we have performed the following procedures, inter alia:

- gain an understanding of the scope of application of Article 47 of Decree Law no 34 of 19 May 2020, as converted by Law no 77 of 17 July 2020;
- meetings and discussion, with governance bodies and Management, during performance of the various phases of the engagement, in relation to the application of the aforementioned legal provision to the Group's consolidated financial statements and obtain information about the Plan and the valuation of the real estate assets;
- analysis of the plan for the rationalisation and disposal of real estate assets and the related minutes of the Board of Directors of Invitalia;
- analysis of the "Invimit SGR S.p.A. / Invitalia Agreement" signed by the parties in December 2020 and containing the key terms of the operation for the contribution of the real estate assets;
- critical review of the expert-legal opinion issued by the consultants appointed by the Company;
- perform autonomous enquiries into the aforementioned legal provision, also by obtaining and reviewing the legal opinion of a third party expert engaged by us;
- obtain and review the valuation of the real estate assets prepared by the Directors with the support of third party appraisers appointed by the purpose, while also evaluating the qualifications, ability and objectivity of said appraisers;
- assess the reasonableness of the main assumptions and the key variables of the models used to value said real estate assets, also with support of valuation experts from the Deloitte Network;
- analyse the accounting treatment of the operations described above in compliance with the International Financial Reporting Standards endorsed by the European Union;
- analyse the disclosures made in the notes to the financial statements and in the directors' report with regard to the matters described above.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

In addition to the issues described in the Basis for qualified opinion section, we have identified the matters described below as key audit matters for inclusion in this report.

Application of Art. 1 of Decree Law no 142 of 16 December 2019	
Description of the key audit matter	Art. 1 of Decree Law no 142 of 16 December 2019, as amended by Decree Law no 104 of 14 August 2020 "Urgent measures of financial intervention to support and revive the economy" awarded Invitalia government grants wholly intended to reinforce the equity of the subsidiary Mediocredito Centrale S.p.A., by means of capital payments, so that it could promote the development of financial activities and investments, also in support of businesses and employment in the South of Italy. In this context, on 12 June 2020, the Ministry of Economy and Finance announced the issue of the decree on the allocation of the capital grant of Euro 430 million to Invitalia. When accounting for this grant, also on the basis of an expert legal opinion commissioned on the matter, Invitalia concluded that: 1. the "government grant" received should be treated in accordance with IAS 20:24 on Government Grants. That standard provides that the grant received shall be accounted for as deferred income and that the subsequent "capital payment" made by Invitalia to subsidiary Mediocredito Centrale S.p.A. shall be recognised as an increase in the value of the investment; 2. there are no grounds for the establishment of a "control" relationship, in terms of IFRS 10, between Invitalia and Banca Popolare di Bari S.p.A. as acquired following the aforementioned capital payments to Mediocredito Centrale S.p.A. S.p.A. Therefore, Invitalia has not consolidated Banca Popolare di Bari S.p.A. and its subsidiaries in its consolidated financial statements. Disclosures on the matters described above are provided in the directors' report in "Section B. Group activities during 2020 - B.10 Other equity investments acquired through government grants/third-party funds" and in the notes to the financial statements in "Part A – Accounting Policies - Section 4 – Other aspects – Application of Art. 1 of Decree Law 142 of 16 December 2019" and in "Part B – Information on the Balance Sheet – Section 8 of Liabilities and Equity – Other liabilities – Item 80". Considering the complexity involved in interpreting the application of Art. 1 of Decree Law no 142 of 16 December 2019 and the materiality of the related effects, we have considered the application of this legislative provision a key audit matter in relation to the consolidated financial statements of Invitalia for the reporting period ended 31 December 2020.

Audit procedures performed	The main procedures carried out as part of our audit work included the following: • gain an understanding of the scope of application of Art. 1 of Decree Law no 142 of 16 December 2019; • meetings and discussions with Management, during performance of the various phases of the engagement, in relation to the application of the aforementioned legal provision to the Group's consolidated financial statements; • analysis of the minutes of the Board of Directors of Invitalia; • critical review of the expert-legal opinion issued by the consultants appointed by the Company, while also assessing their qualifications, ability and objectivity in performing the engagement entrusted to them; • analysis of the accounting treatment adopted by the Group, with support from our specialists on the application and interpretation of IAS/IFRS; • analysis of the disclosures made in the notes to the consolidated financial statements and in the directors' report with regard to the matters described above.

Classification of performing client loans measured at amortised cost of subsidiary Mediocredito Centrale S.p.A.

Description of the key audit matter	In the consolidated financial statements at 31 December 2020, gross performing client loans measured at amortised cost of Euro 2.386 million include loans reported by subsidiary Mediocredito Centrale S.p.A. ("Bank") of Euro 2.104 million with a percentage of coverage of 1.4%, of which Euro 1.862 million of loans classified in Stage 1 and Euro 242 million of loans classified in Stage 2, with a percentage of cover of 0.8% and 6.0%, respectively. As part of its lending policies, the Bank has adopted processes and methods to monitor the status of its credit relations. These have included classification of loans into homogeneous risk categories, in accordance with industry legislation and with internal policies governing rules on classification into and transfer between risk categories. As part of the classification process for performing loans, the Bank has also taken account of the current uncertainty resulting from the Covid-19 pandemic emergency, as well as the effects of new initiatives and measures to support the economy introduced by the government and by monetary and fiscal authorities.

Disclosures on the matters described above are provided in the directors' report in "Section D – Comments on the Income Statement and Balance Sheet situation – D.2 Balance Sheet situation" and in the notes to the financial statements in "Part A – Accounting Policies - A.2 section related to the items of the financial statement", in "Part B – Information on the Balance Sheet – Section 4 of Assets – Financial assets at amortised cost – Item 40 - letter c) Loans to customers" and in "Part C – Information on the Income Statement - Section 8 – Net Adjustments /Recoveries for credit risk – Item 130" and in "Part D – Other information - Section 3 – Information on risks and related hedging policies". These disclosures include the information required by the announcement of 27 January 2021 supplementing the measures of the Order "The financial statements of IFRS intermediaries other than banking intermediaries" with regard to the impact of Covid-19 and the economic support measures and amendments to IAS/IFRS.

Considering the complexity of the process of classifying client loans into homogeneous risk categories adopted by the Bank, as well as the subjectivity involved in the methodologies adopted which also took account of uncertainty resulting from the Covid-19 pandemic, we considered the classification of performing client loans measured at amortised cost a key audit matter in relation to the audit of the consolidated financial statements of Invitalia for the year ended 31 December 2020.

Audit procedures performed

The main procedures carried out as part of our audit work included the following:

- analysis of the Bank's lending process with particular reference to identifying and understanding the organisational and procedural controls implemented by the Bank and amended to take account of the effect of the Covid-19 pandemic, in order to monitor credit quality and correct classification in accordance with applicable accounting standards and regulatory requirements of the sector;
- verification of the correct flow of data feed and management of electronic databases, also with the support of specialists from the Deloitte network;
- review of the classification criteria adopted by the Bank when dividing the portfolio of performing client loans measured at amortised cost into homogeneous risk categories and, in particular, the allocation to Stages 1 and 2; this involved analysing the reasonableness of the assumptions and parameters used, also taking account of the emergency situation triggered by the Covid-19 pandemic. This work was performed with support from Deloitte network specialists;
- checking the correctness of the classification of a sample of the Banks performing client loans measured at amortised cost;

- perform comparative analysis by examining movements on performing client loans measured at amortised cost and related impairment adjustments, also by obtaining and reviewing monitoring reports prepared by the Bank and discussing results with those in charge of the business functions and the organisational units involved;
- analysis of subsequent events after the Bank's reporting date in order to identify any matters considered useful in the circumstances;
- verification of the completeness and compliance of the disclosures provided in the financial statements with applicable statutory reporting requirements and accounting standards, as well as with the recent announcements made by the Supervisory Authorities in response to the Covid-19 pandemic.

Other matters - prior year information

The consolidated financial statements of the Group as at 31 December 2019 were audited by another auditor which issued an unqualified opinion on 6 July 2020.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. appointed us on 30 September 2020 as auditors of the Company for the years from 31 December 2020 to 31 December 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Qualified opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. are responsible for the preparation of the report on operations and information included in the section concerning the report on corporate governance and ownership structure required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 of the Group as at 31 December 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at 31 December 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the above-mentioned report on operations and the specific information required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 and contained in the section concerning the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Group as at 31 December 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report in addition to the above.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianfrancesco Rapolla
Partner

Rome, Italy
1 July 2021

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

Deloitte.

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (hereinafter "Invitalia") and its subsidiaries (hereinafter "Gruppo Invitalia" or "Gruppo"), as of December 31, 2020 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on 28th of May 2020 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - *Global Reporting Initiative* ("GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Deloitte.

Auditor’s Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the “*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (hereinafter “*ISAE 3000 Revised*”), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group’s activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. understanding of the following matters:

    - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
    - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
    - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

    Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 4, letter a) of this report;

4. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

    In particular, we carried out interviews and discussions with the management of Invitalia S.p.A. and Mediocredito Centrale S.p.A and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

    In addition, for material information, taking into consideration the Group's activities and characteristics:

    - at the group and subsidiaries' level:

        a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
        b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

    - for the following subsidiaries, Invitalia S.p.A., Mediocredito Centrale S.p.A. e Infratel S.p.A. which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Invitalia Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and GRI Standards.

Other matters

The NFS for the year ended December 31, 2019, whose data are presented for comparative purposes, have been subject to a limited assurance engagement by another auditor that, on 6th of July expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.
Franco Amelio
Partner

Milan,
July 1, 2021

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