

# Banca Finnat Euramerica

Milan, 07.06.2016

# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

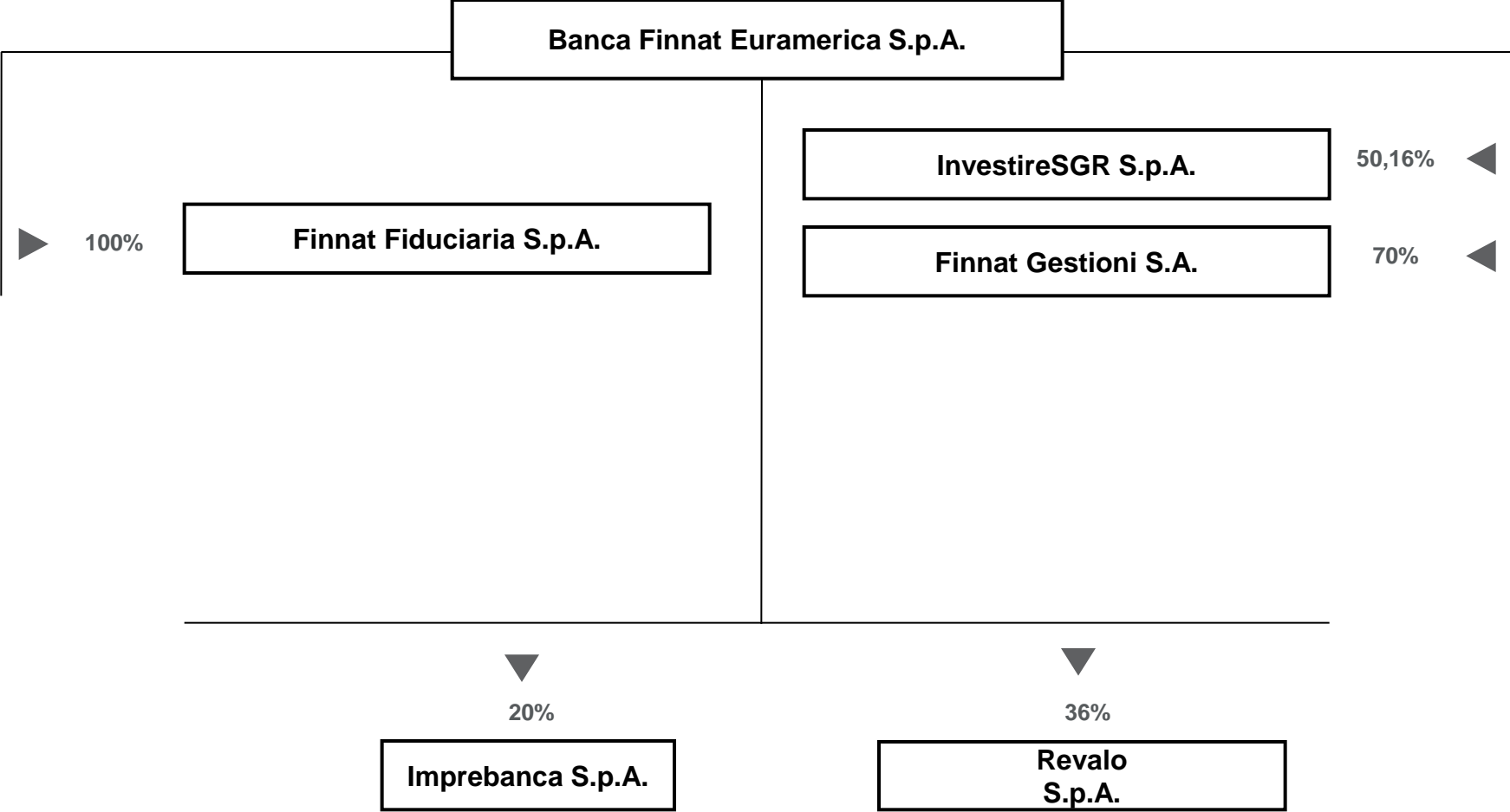
V

Strategic Guidelines

VI

Business Plan Targets for 2017

# Banca Finnat Group



# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

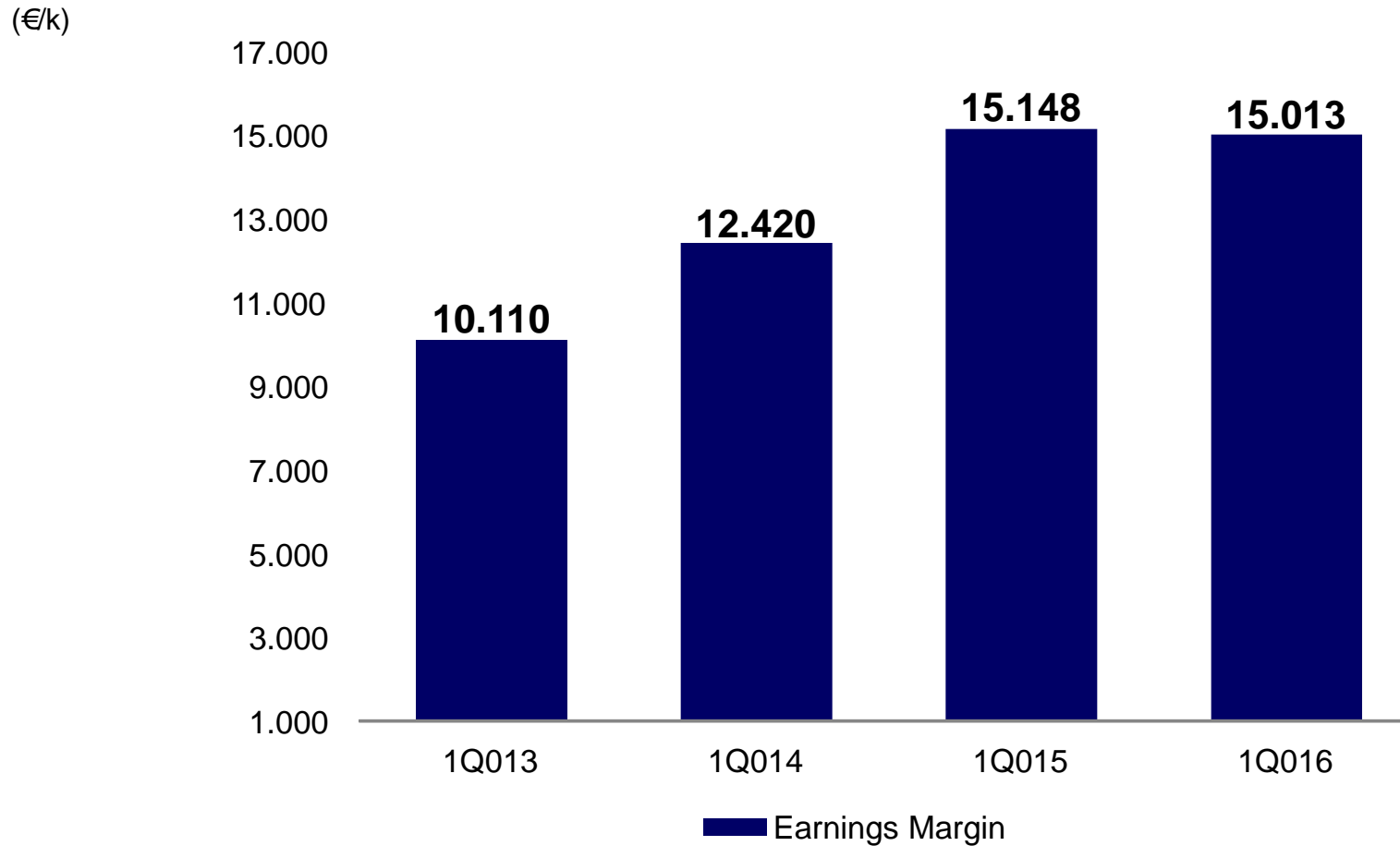
V

Strategic Guidelines

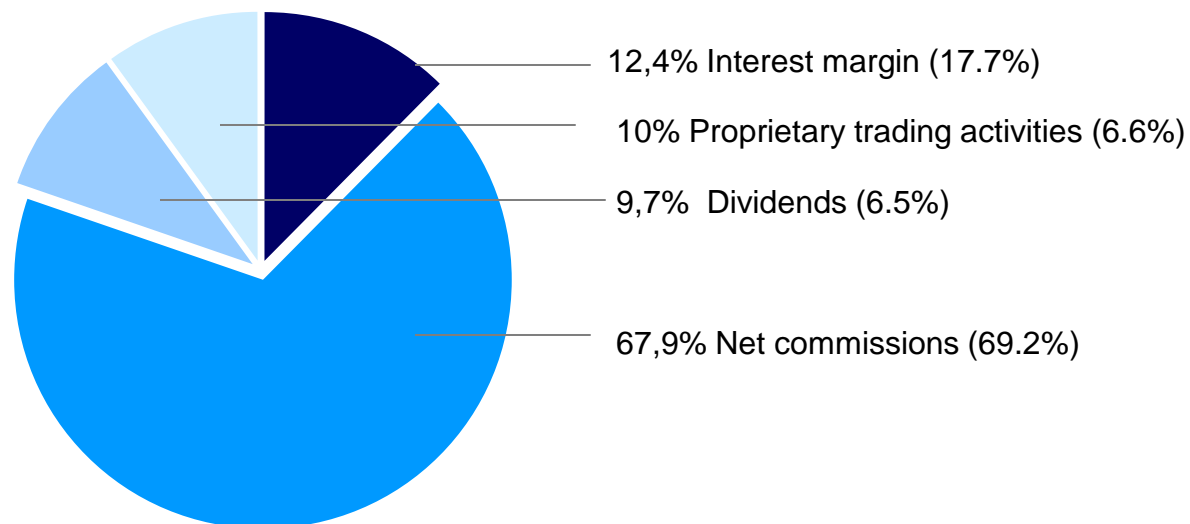
VI

Business Plan Targets at 2017

# Trend in earnings margin

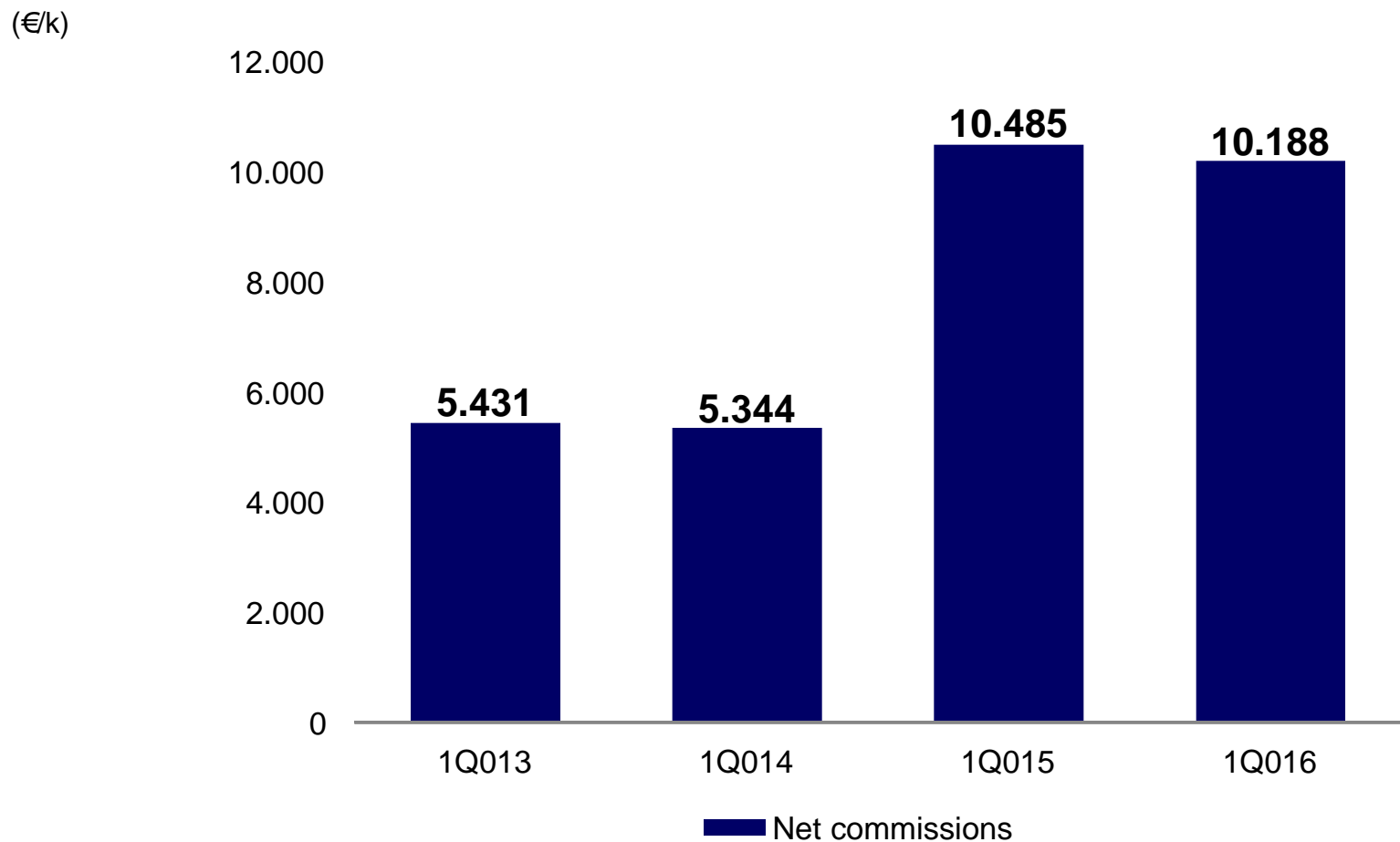


# Revenues (earnings margin) breakdown

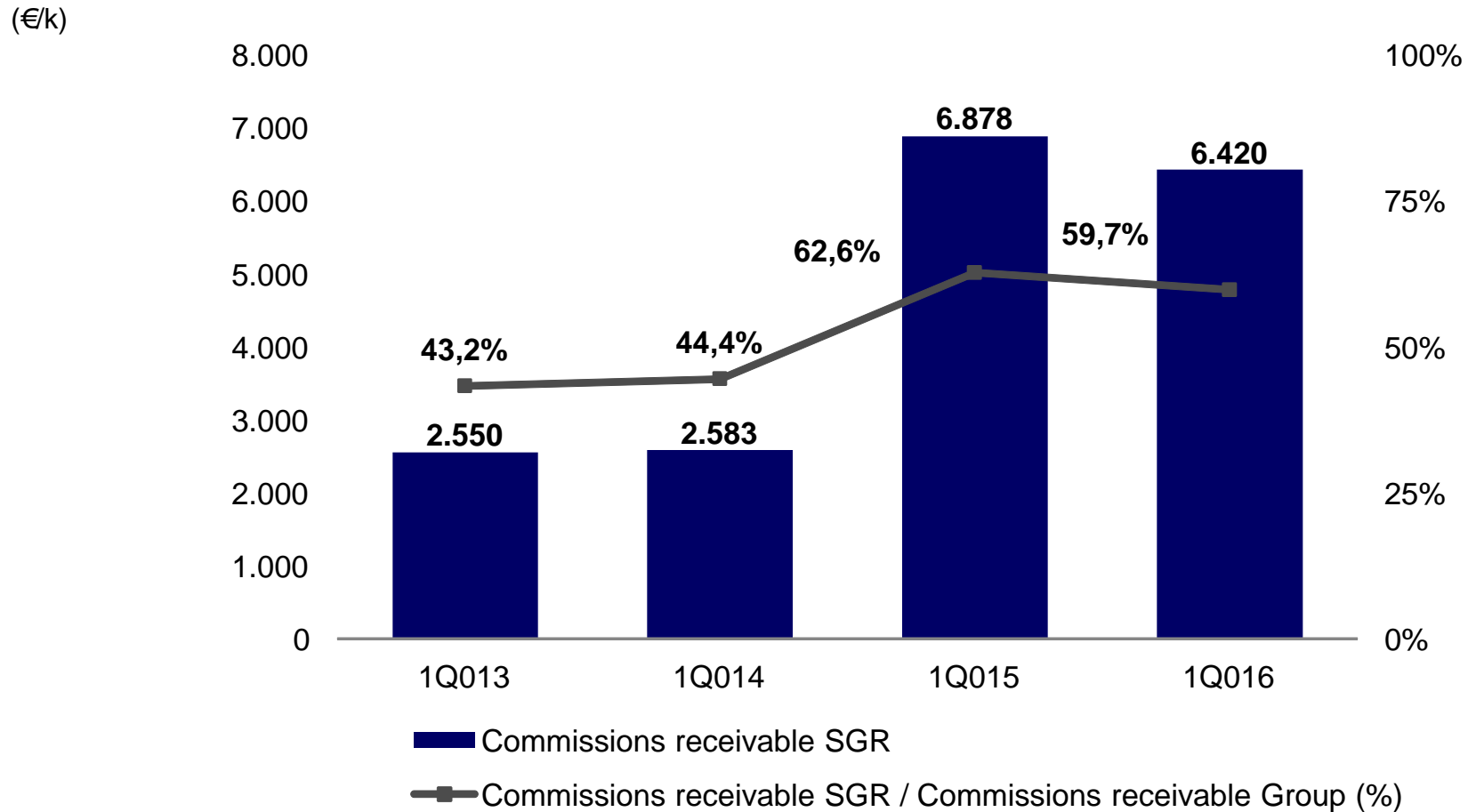


Revenues (€'000)	1Q015	1Q016	Var %
Interest margin	2.677	1.864	-30,4%
Net commissions	10.485	10.188	-2,8%
Dividends	990	1.461	47,6%
Proprietary trading activities	996	1.500	50,6%

# Trend in consolidated net commissions

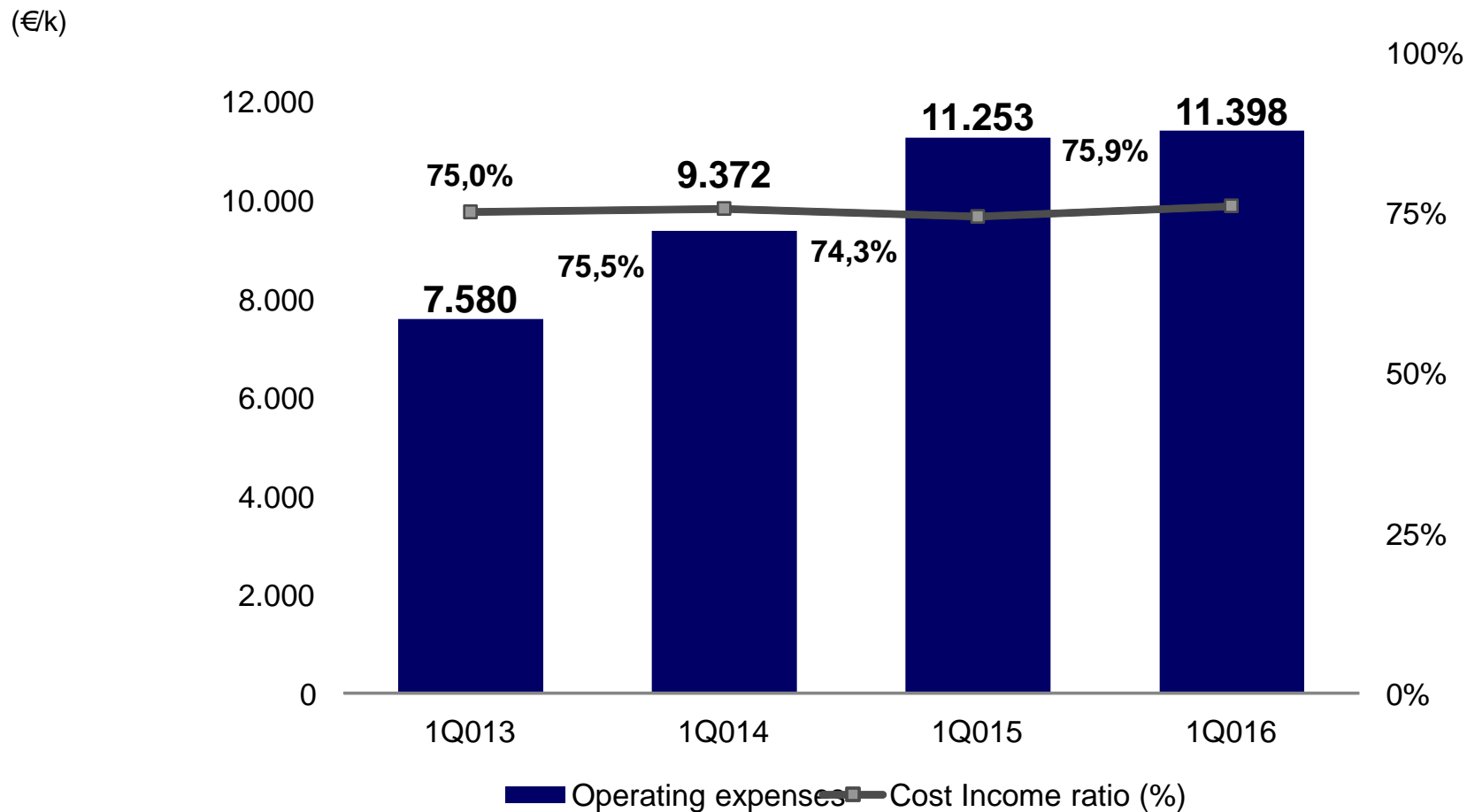


# Trend in commissions receivable Investire SGR

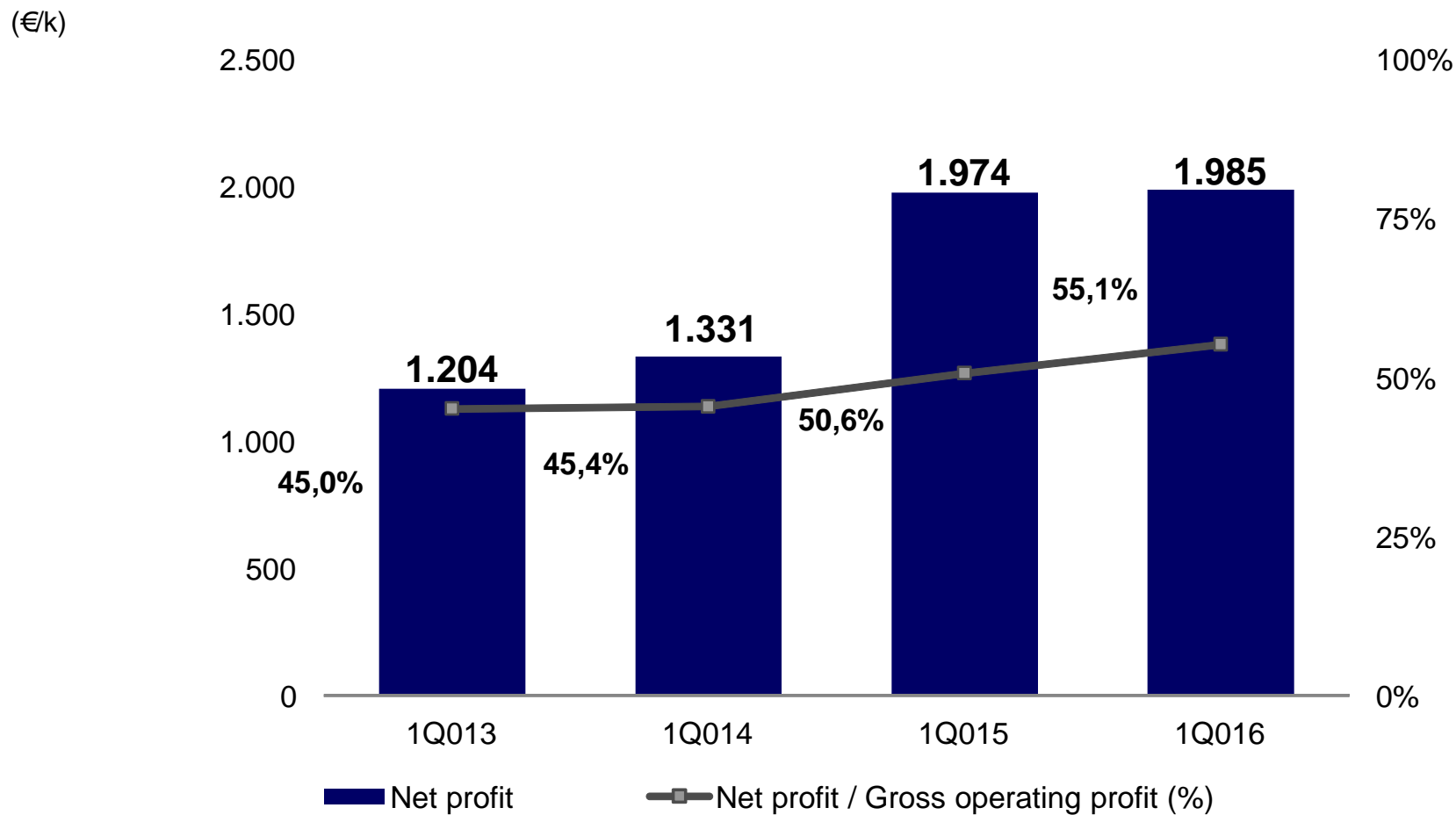




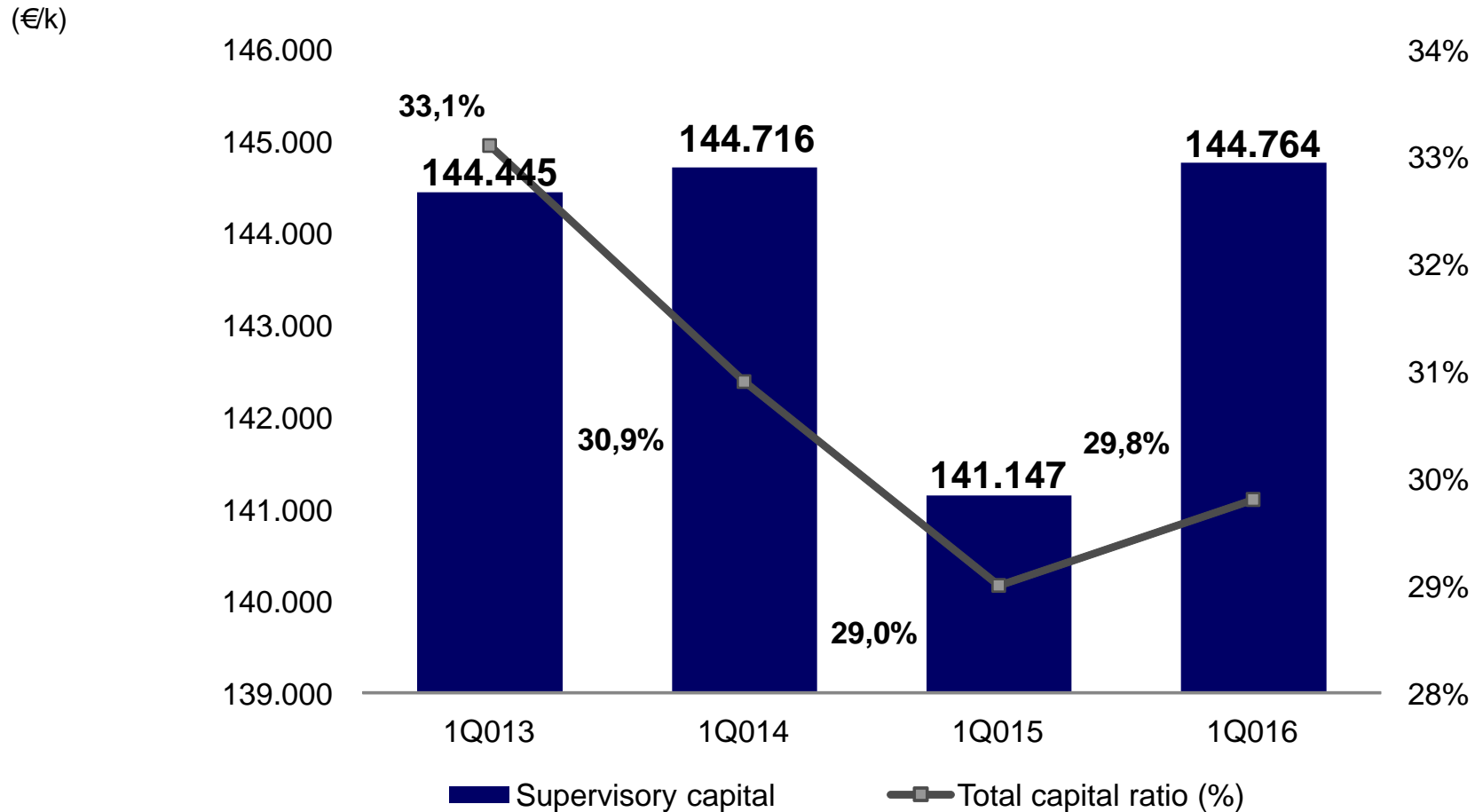
# Trend in operating expenses / cost income ratio



# Trend in net profit

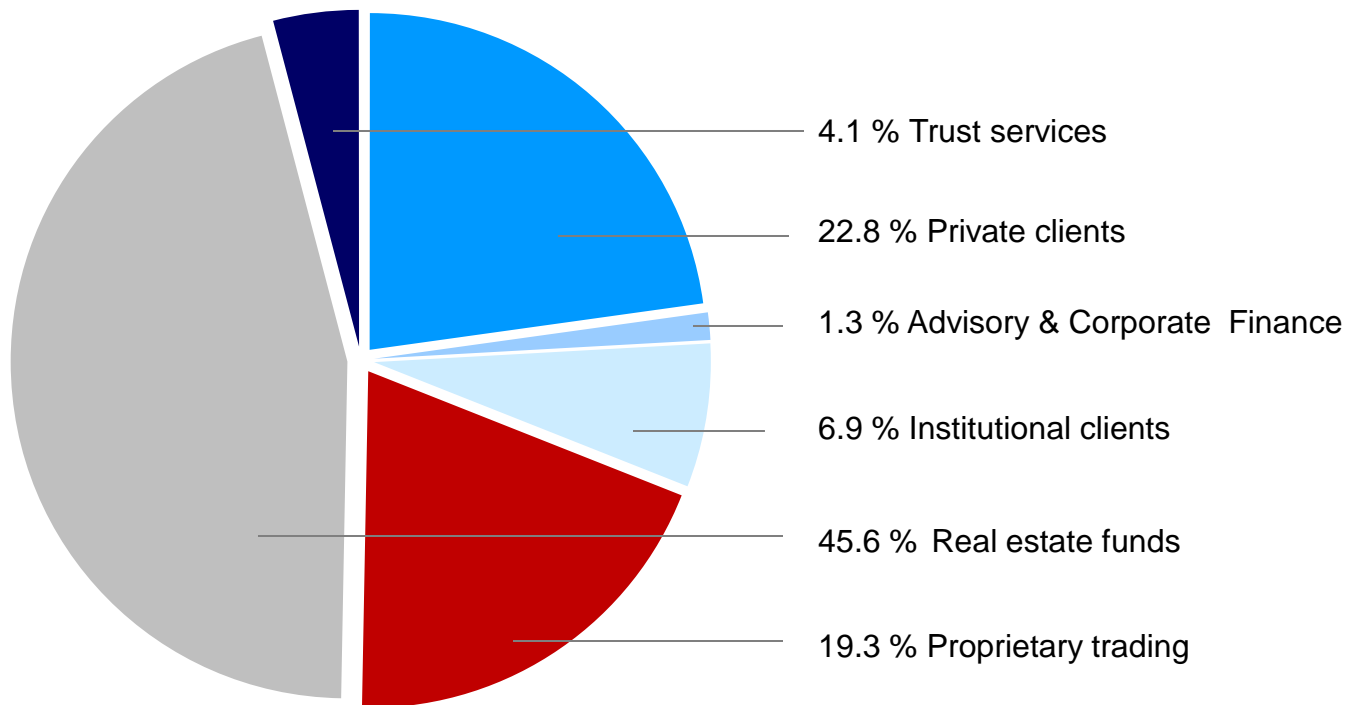


# Trend in supervisory capital and total capital ratio



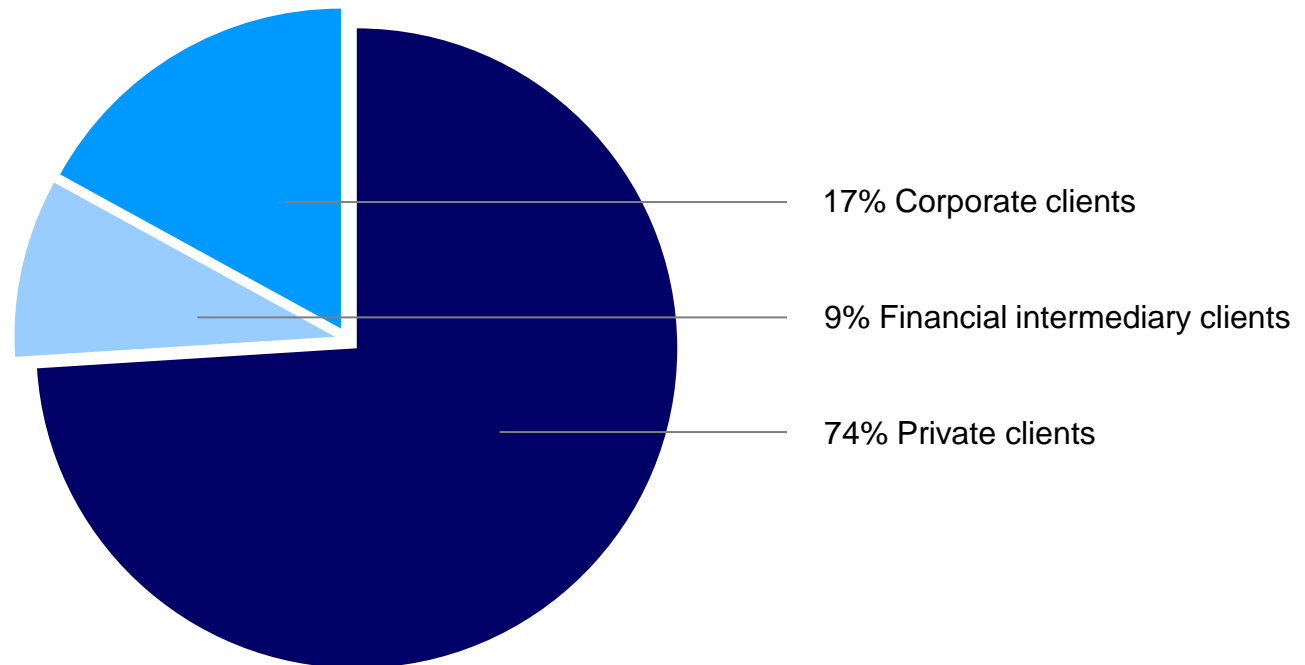
# Impact of operating business sectors on the earnings margin

At 31.12.2015

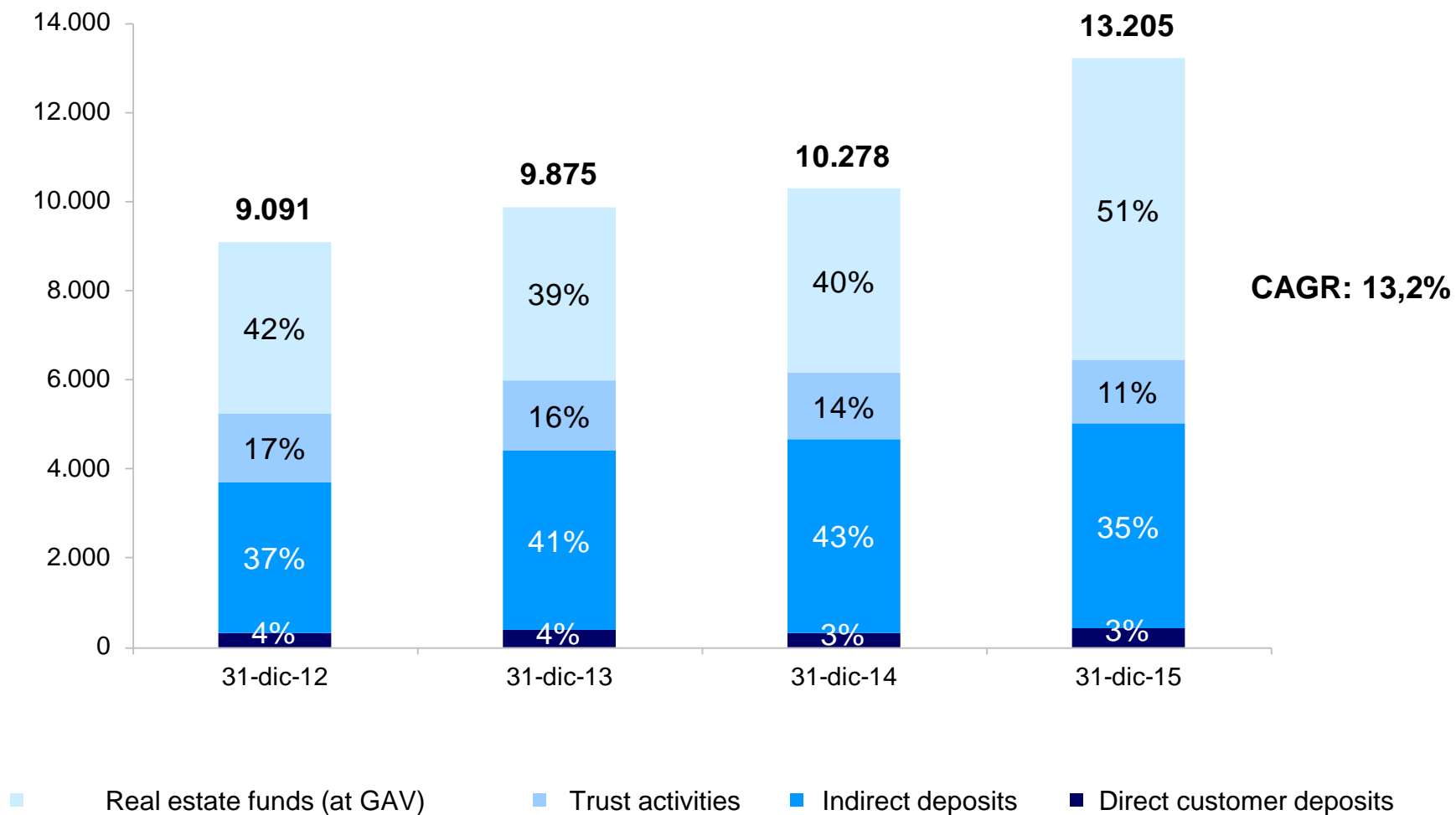


# Banking activity broken down by type of client

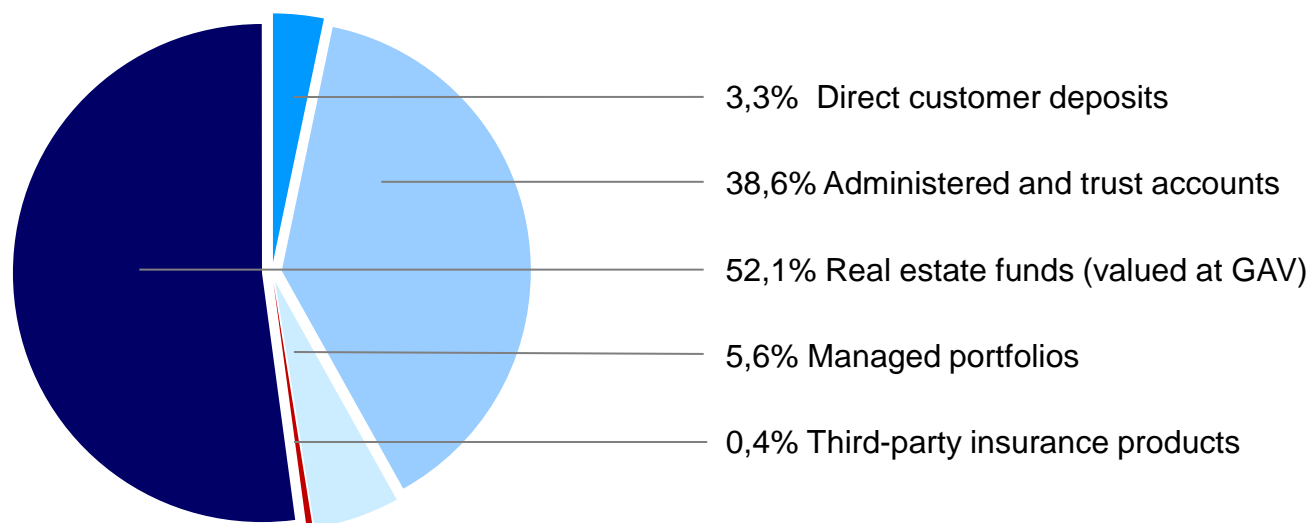
At 31.12.2015



# Trend in total Assets under Management (€/M)



# Total AUM breakdown and performance



Composizione della raccolta (€000)	2014	2015	Var %
Direct customer deposits	336.854	417.760	24,0%
Administered and trust accounts	5.107.552	5.241.907	2,6%
Managed portfolios *	671.942	733.399	9,1%
Third-party insurance products	30.597	42.633	39,3%
Real Estate funds (valued at GAV)	4.130.632	6.769.365	63,9%

\* Including delegated management

# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

V

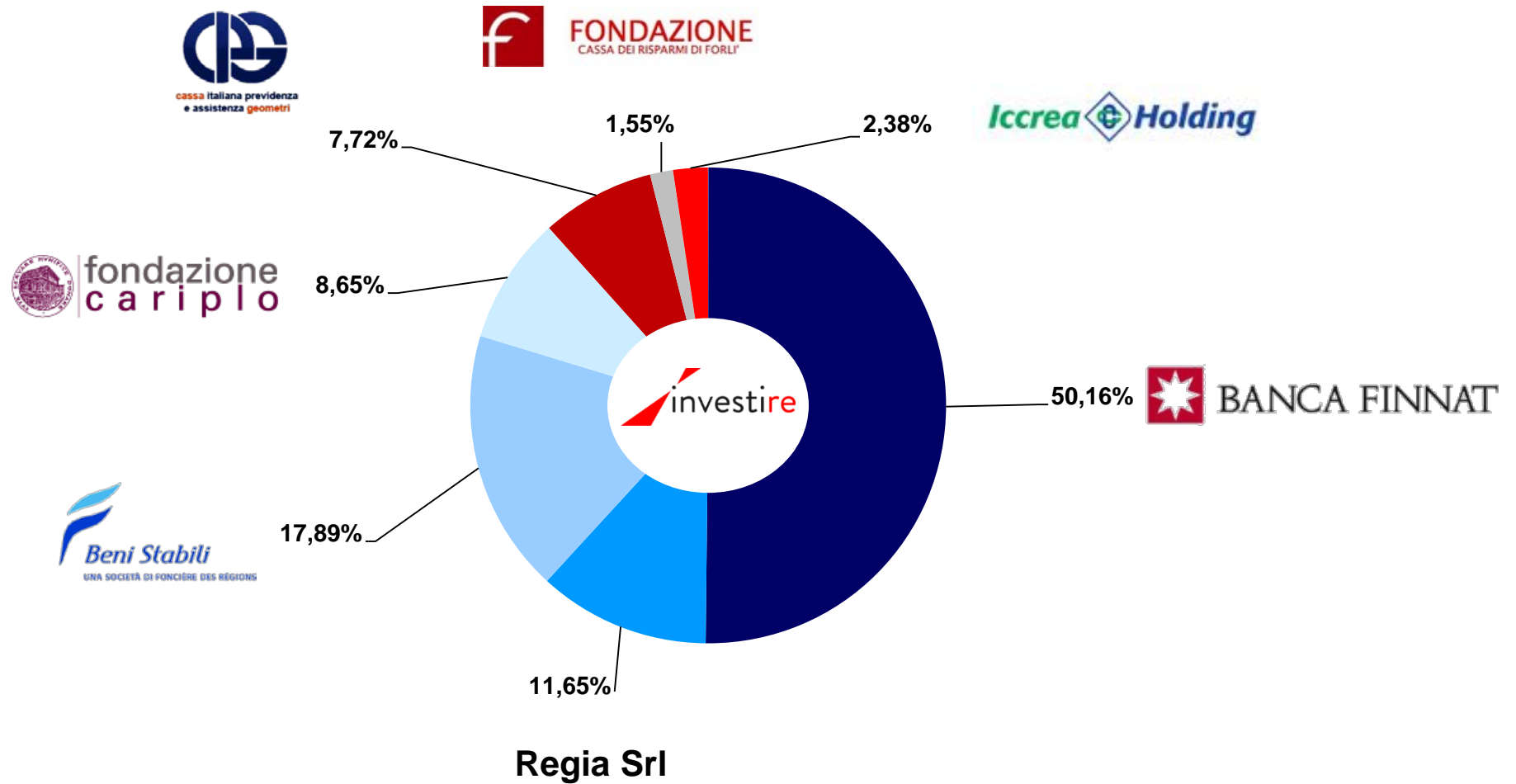
Strategic Guidelines

VI

Business Plan Targets at 2017



# Investire SGR Shareholder Structure



# Key highlights of Investire SGR (1)

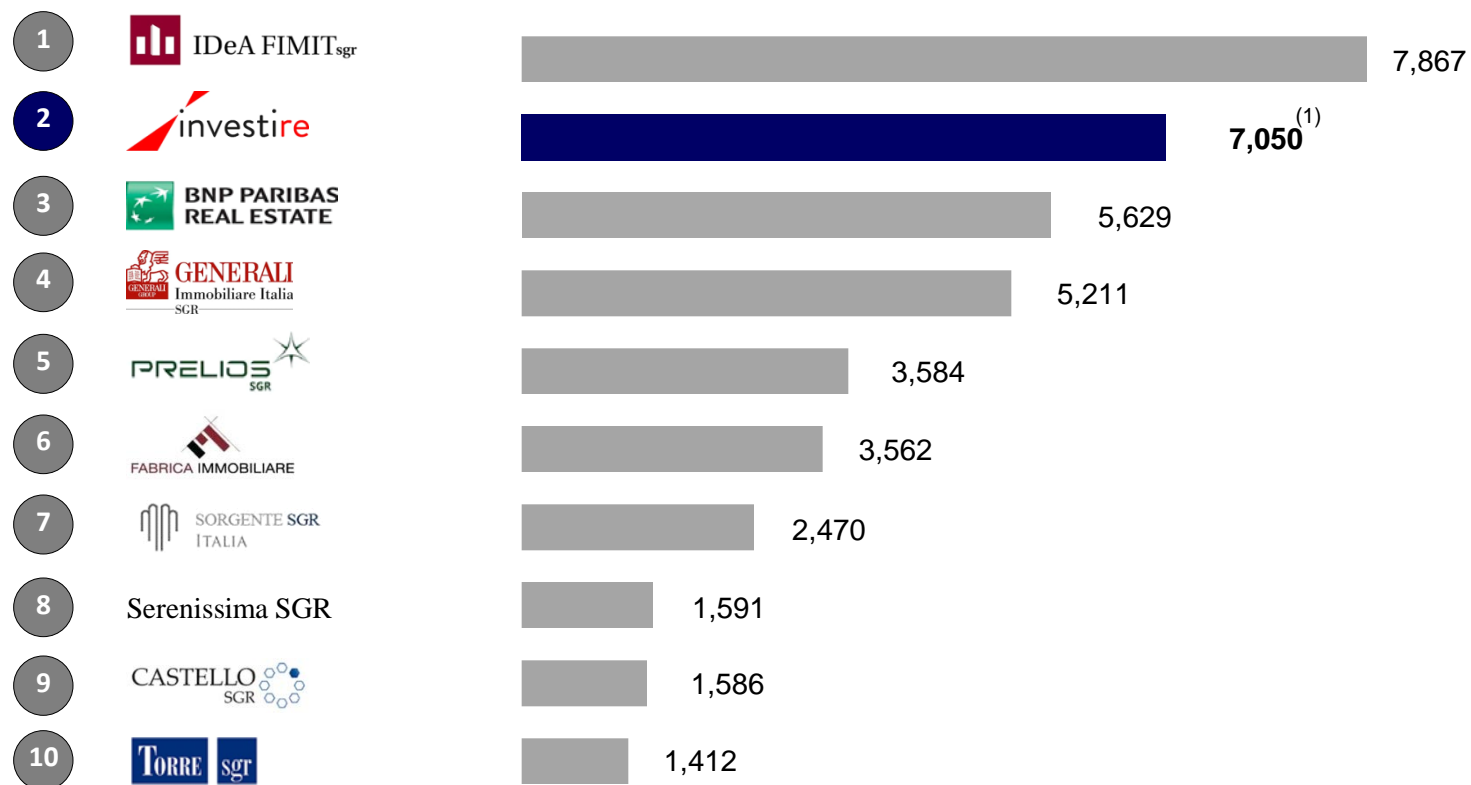


- 33 real estate funds (4 listed funds)
- AUM of over € 7 billion
- Gross revenues of over € 29 million and EBIT of approx. € 7 million
- Over 130 employees in Rome and Milan
- Over 1,300 real estate assets nationwide
- Over 200 national and international investors, including insurance companies, pension schemes, real estate private equity funds and banks



(1) Dati al 31-dic-2015

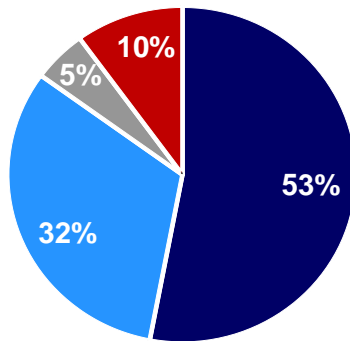
# Italian RE Asset Managers – Assogestioni Ranking 2015



(1) Figures are at 31-dec-15, including tan advisory asset management mandate on a separate account of approx. €300 mln

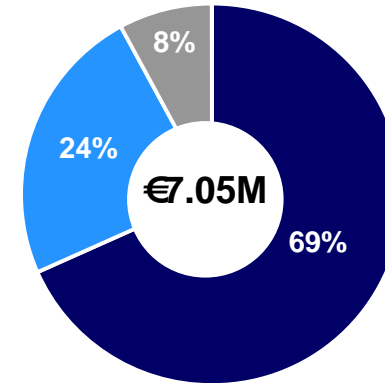
# Investire SGR - AUM Asset breakdown

Asset Class



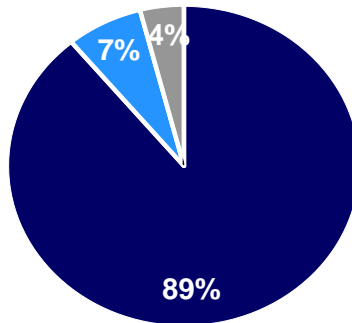
Office Residential reatil Other

Type of Fund



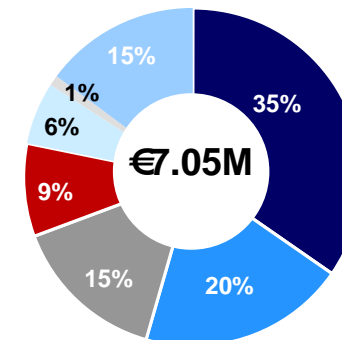
Core / Core + Value Added Opportunistic

Management Style



Non-Listed Reg. Funds Listed Reg. Funds Asset Management Mandates

Type of Investor

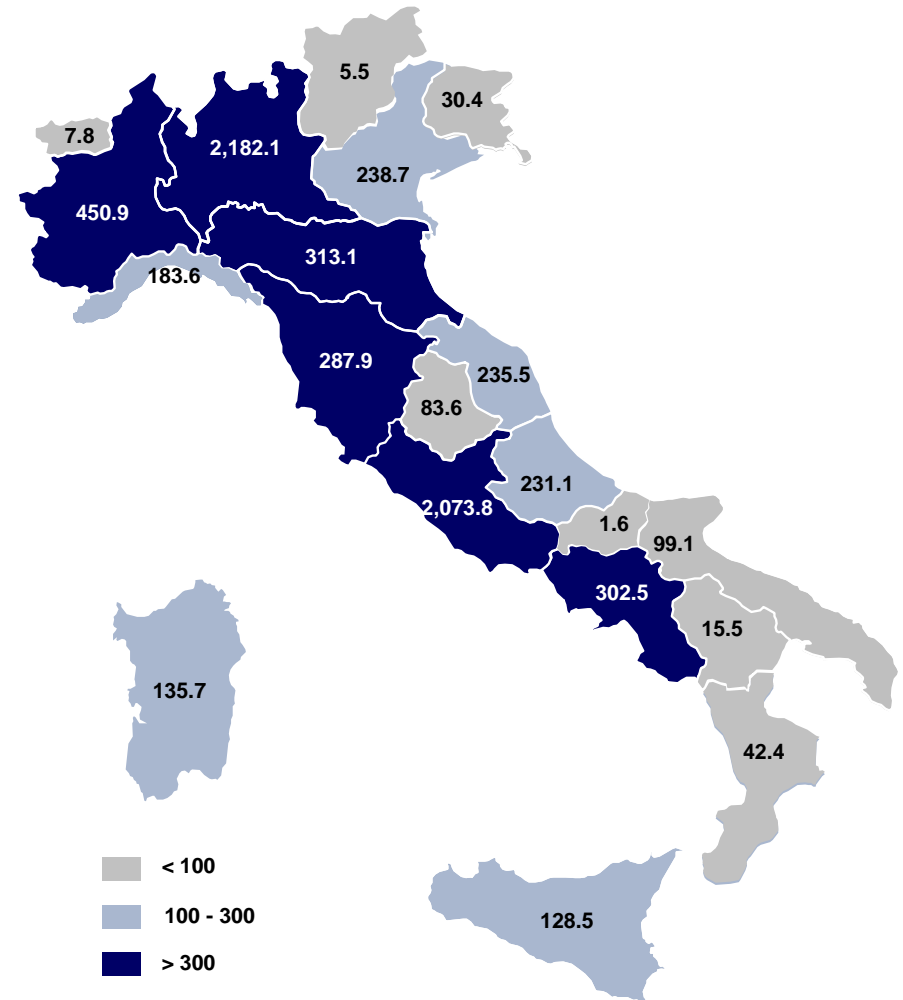
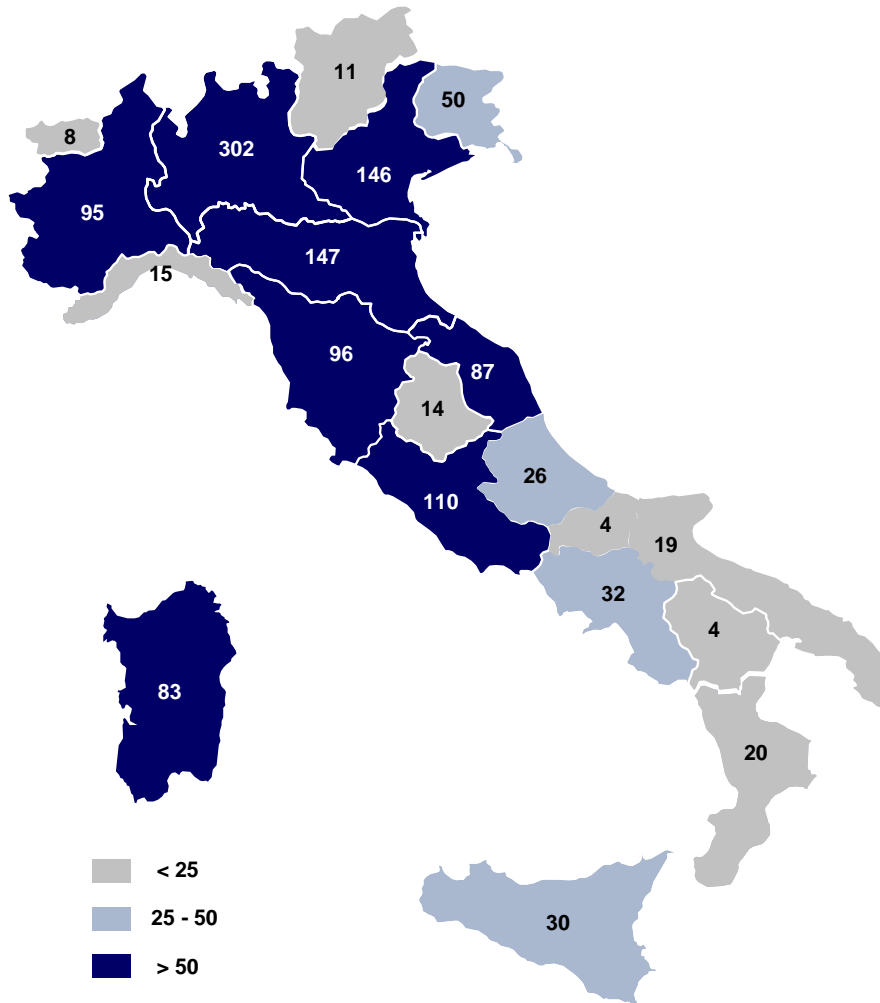


Fondi Pensione Assicurazioni  
 Banche Fondi Immobiliari  
 Fondazioni ed Enti non Governativi Istituzioni governative  
 Investitori Privati

# Investire SGR – Geographical AUM Breakdown

**Breakdown by Asset (#) - Tot. 1,312 properties**

**Breakdown by Value (€M) – €7,050.0 m**



# Investire SGR – Distinctive features

Ownership structure is represented entirely by institutional shareholders with long-term view on the company

Steady increase in assets under management over the years, with long residual life for the vast majority of funds

Diversified operational capacity throughout Italy:

- Development, value improvement and repositioning of properties;
- Leadership in the Social Housing segment (with dedicated in-house Project Management team);
- Active asset management strategies;
- Management of integrated projects with value added services also in non-conventional segments (such as, social housing, RSA, distressed assets, etc.).

Capability to structure ad hoc partnerships with international investors on specific projects (e.g. TH Real Estate, etc.)

Nationwide track record with completed operations in over 200 Italian municipalities

# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

V

Strategic Guidelines

VI

Business Plan Targets at 2017

# Consolidated reclassified income statement

Consolidated income statement (€000)	1Q015	1Q016	Var %
Interest margin	2.677	1.864	-30,4%
Dividends	990	1.461	47,6%
Net commissions	10.485	10.188	-2,8%
Profit (loss) on proprietary trading activities	996	1.500	50,6%
<b>Earnings margin</b>	<b>15.148</b>	<b>15.013</b>	<b>-0,9%</b>
Administrative expenses	-11.502	-11.358	-1,3%
Value adjustments (amortisation/depreciation)	-156	-168	7,7%
Provisions on risks	0	0	-
Other operating income (expense)	405	128	-68,4%
<b>Operating cost</b>	<b>-11.253</b>	<b>-11.398</b>	<b>1,3%</b>
Profit (loss) from holdings	5	-13	-360,0%
<b>Gross operating profit</b>	<b>3.900</b>	<b>3.602</b>	<b>-7,6%</b>
Value adjustments on receivables/financial assets	-192	46	-124,0%
<b>Net operating profit</b>	<b>3.708</b>	<b>3.648</b>	<b>-1,6%</b>
Income tax for the year	-944	-1.028	-
Minority interest profit	-790	-635	-
<b>Net Income for the year</b>	<b>1.974</b>	<b>1.985</b>	<b>0,6%</b>



# Highlights of the Group

Highlights of the Group	1Q014	1Q015	1Q016
Interest margin / Earnings margin	27,9%	17,7%	12,4%
Net commissions / Earnings margin	43,0%	69,2%	67,9%
Cost / Income ratio	75,5%	74,3%	75,9%
Gross operating profit / Earnings margin	23,6%	25,7%	24,0%
Net operating profit / Gross operating profit	98,7%	95,1%	101,3%
Net profit / Gross operating profit	45,4%	50,6%	55,1%

# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

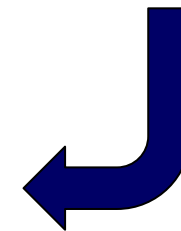
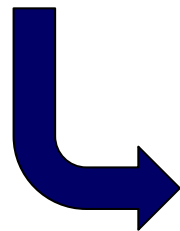
V

Strategic Guidelines

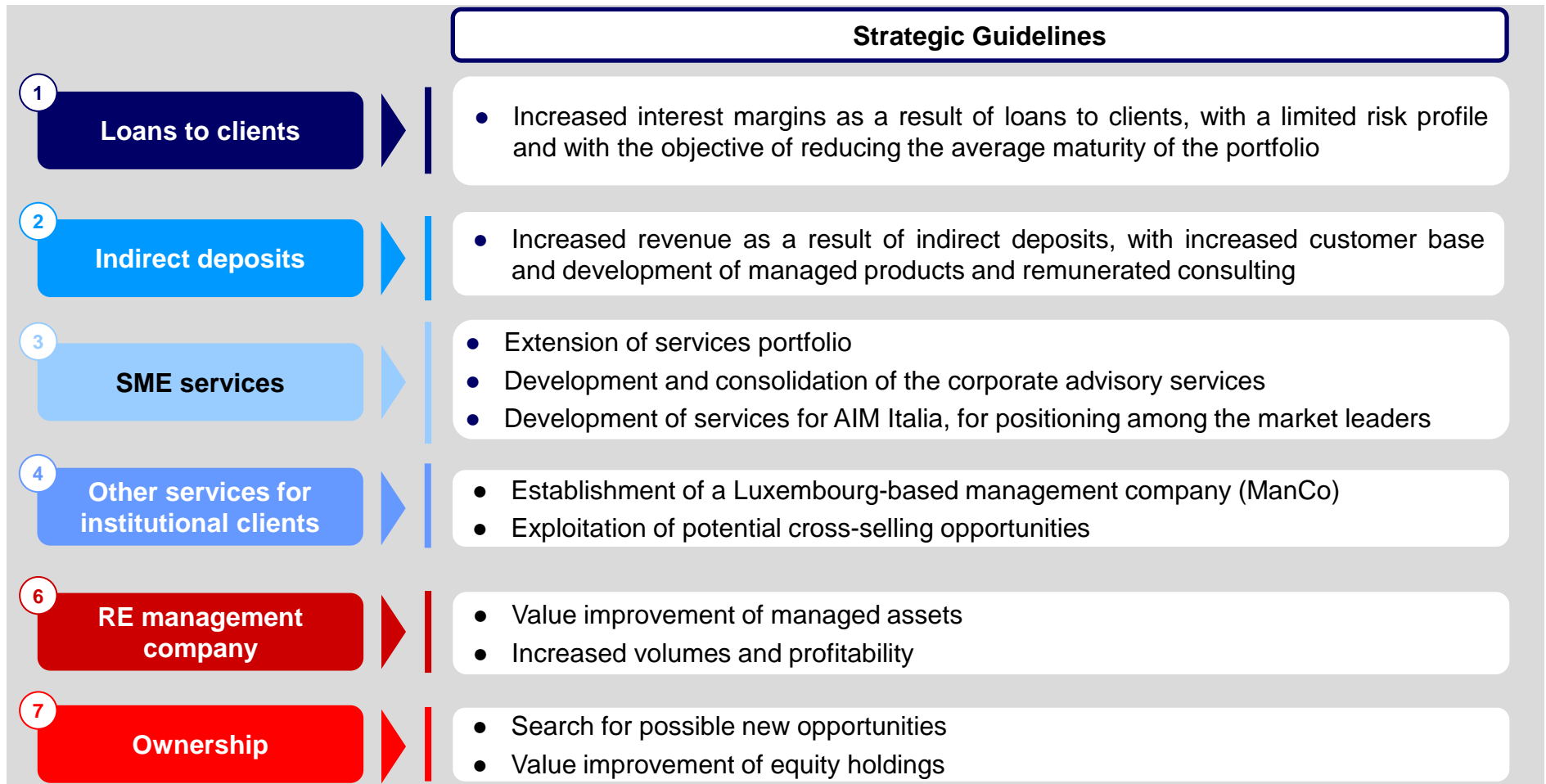
VI

Business Plan Targets at 2017

# Group Targets



# Strategic Guidelines



# Action Lines (1/3)

Strategic Guidelines	Action Lines
<p><b>1</b></p> <p><b>Loans to clients</b></p> <ul style="list-style-type: none"><li>• Increased interest margins as a result of loans to clients, with a limited risk profile</li></ul>	<ul style="list-style-type: none"><li>• Increased average return on m/l term investments through an amount of new gross disbursements (with spread in line with those applied over the recent years), enabling the gradual replacement of loans reaching maturity and a slight increase of volumes</li><li>• Increased short-term loans in the form of guaranteed current-account credit facilities</li></ul>
<p><b>2</b></p> <p><b>Indirect deposits</b></p> <ul style="list-style-type: none"><li>• Increased revenue as a result of indirect deposits, with increased customer base and development of managed products and remunerated consulting</li></ul>	<ul style="list-style-type: none"><li>• Acquisition of new customers and increased assets under management, through both the current staff complement and the arrival of new consultants</li><li>• Development of remunerated private consulting</li><li>• Pursuit of growth strategies for external lines (e.g. takeover of competitors)</li><li>• Consolidation and development of product / services portfolio offered to institutional clients</li></ul>
<p><b>3</b></p> <p><b>SME services</b></p> <ul style="list-style-type: none"><li>• Extension of services portfolio</li><li>• Development and consolidation of corporate advisory services</li><li>• Development of services for AIM Italia, for positioning among the market leaders</li></ul>	<ul style="list-style-type: none"><li>• Extension and consolidation of marketing plan targeting Italian SMEs, also through a network of professional practices and funds related to minibonds or mezzanine capital</li><li>• Implementation of business synergies with other bank sectors for the acquisition of potential new clients</li></ul>

# Action Lines (2/3)

Strategic Guidelines	Action Lines
<p data-bbox="84 405 120 429">3</p> <p data-bbox="111 419 518 505"><b>SME services</b></p> <ul data-bbox="132 534 872 733" style="list-style-type: none"><li>• Extension of services portfolio</li><li>• Development and consolidation of the corporate advisory services</li><li>• Development of services for AIM Italia, for positioning among the market leaders</li></ul>	<ul data-bbox="948 454 1970 711" style="list-style-type: none"><li>• Acquisition of mandates on the Italian AIM market, exploiting the leadership that BFE is acquiring on the market, also in the light of the transactions carried out in recent years</li><li>• Analysis and development of potential financial advisory activities in financial sectors and innovative sources of financing (minibond, mezzanine, non performing loans)</li></ul>
<p data-bbox="84 776 120 801">4</p> <p data-bbox="111 791 534 876"><b>Other services for institutional clients</b></p> <ul data-bbox="132 891 872 1048" style="list-style-type: none"><li>• Establishment of a Luxembourg-based management company (ManCo)</li><li>• Exploitation of potential cross-selling opportunities</li></ul>	<ul data-bbox="948 819 1970 1048" style="list-style-type: none"><li>• Offering of administrative, control and governance services to Luxembourg-based foreign-managed SICAVs</li><li>• Consolidation of customer base and institutional relations, to foster acceptance of BFE's service proposals in the Group's different business segments</li></ul>

# Action Lines (3/3)

Strategic Guidelines	Action Lines
<p data-bbox="78 411 111 434">6</p> <p data-bbox="99 422 524 515"><b>RE management companies</b></p> <ul data-bbox="120 576 721 654" style="list-style-type: none"><li>• Value improvement of managed assets</li><li>• Increased volumes and profitability</li></ul>	<ul data-bbox="938 462 1953 796" style="list-style-type: none"><li>• Disposal of existing property assets, especially with regard to the FIP fund</li><li>• Physiological growth of currently managed funds and development of products based on existing asset classes</li><li>• Development of new projects by identifying potential business opportunities in sectors such as: corporate real estate, care homes for the elderly and sheltered housing, non-performing loans, hotels, social housing, spin-offs of non-core portfolios of public entities</li></ul>
<p data-bbox="78 872 111 895">7</p> <p data-bbox="99 889 540 982"><b>Ownership</b></p> <ul data-bbox="120 1053 700 1130" style="list-style-type: none"><li>• Search for possible new opportunities</li><li>• Value improvement of equity holdings</li></ul>	<ul data-bbox="938 911 1953 1159" style="list-style-type: none"><li>• Pursuit of possible growth strategies for external lines (e.g. takeover of competitors)</li><li>• Acquisition of new equity shareholdings and/or disposal of shareholdings currently held</li><li>• Increase and development of treasury transactions</li></ul>

# Agenda

---

I

Group Profile

II

Business Trends

III

The Real Estate Business

IV

Financial Results at 31.03.2016

V

Strategic Guidelines

VI

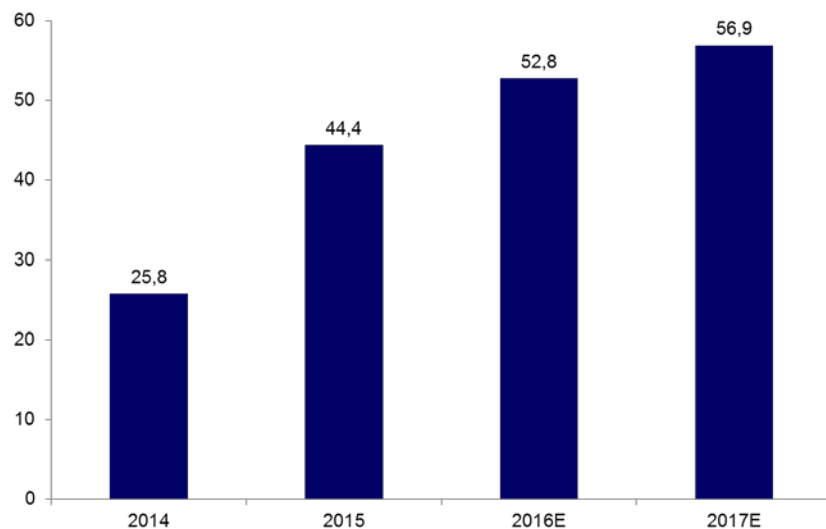
Business Plan Targets at 2017



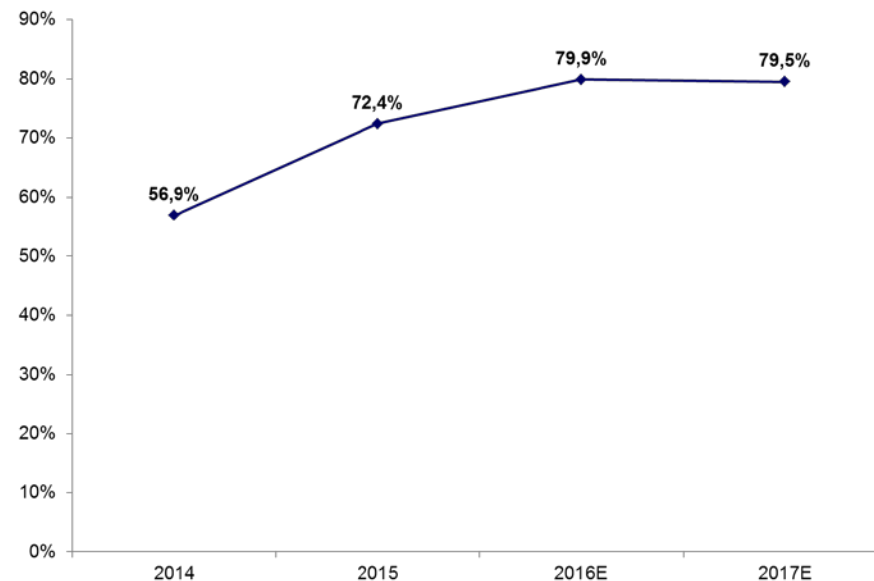
# Trends in total net commissions

- Net commissions are expected to rise from € 25.8M in 2014 to € 56.9M in 2017.
- There is an expected approx. 80% increase of the impact of net commissions on the consolidated earnings margin, in 2016/2017, compared to 57% in 2014.
- These trends are primarily the result of the business development plan designed for the private banking area and the assumptions of development, value enhancement and disposal of the portfolio managed by the RE management company.

Total net commissions (MEuros)

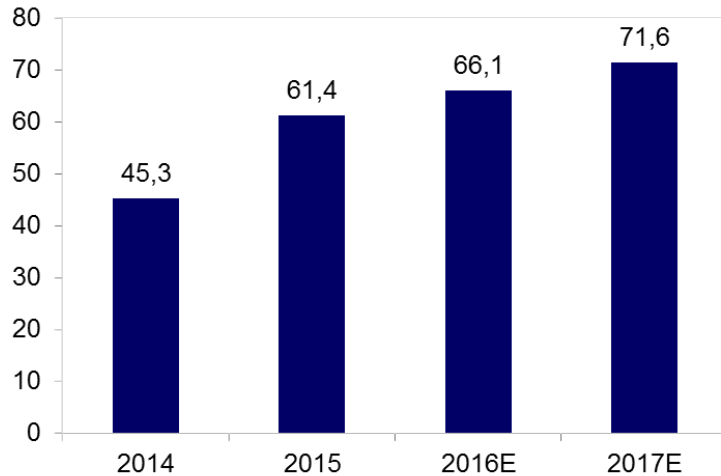


Net commissions / Earnings margin (%)

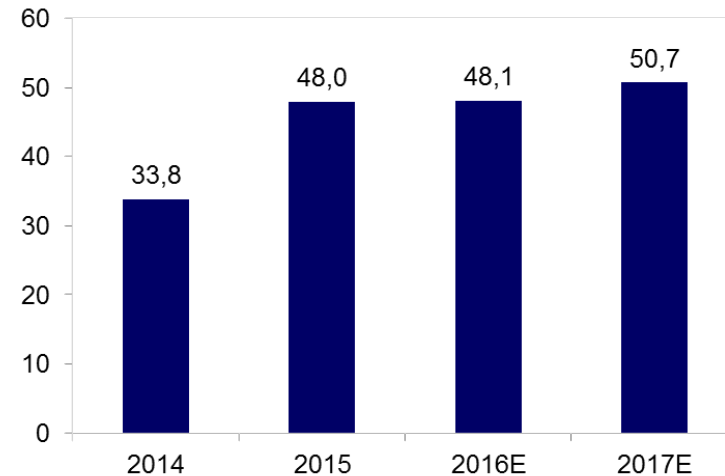


# Plan Targets – Key Operating Data

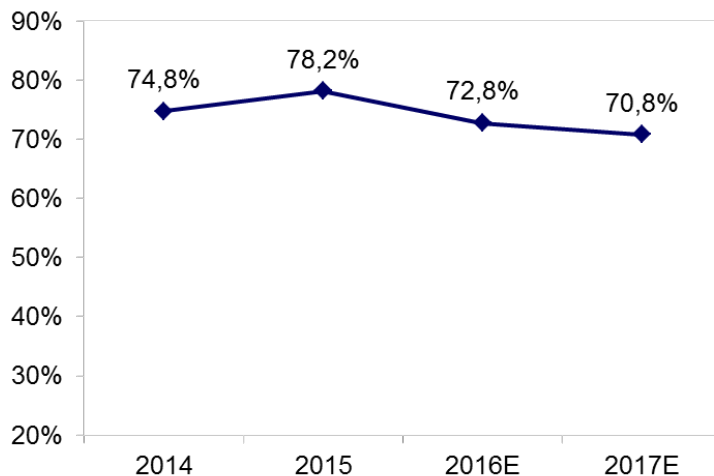
Earnings margin (MEuros)



Operating costs (MEuros)



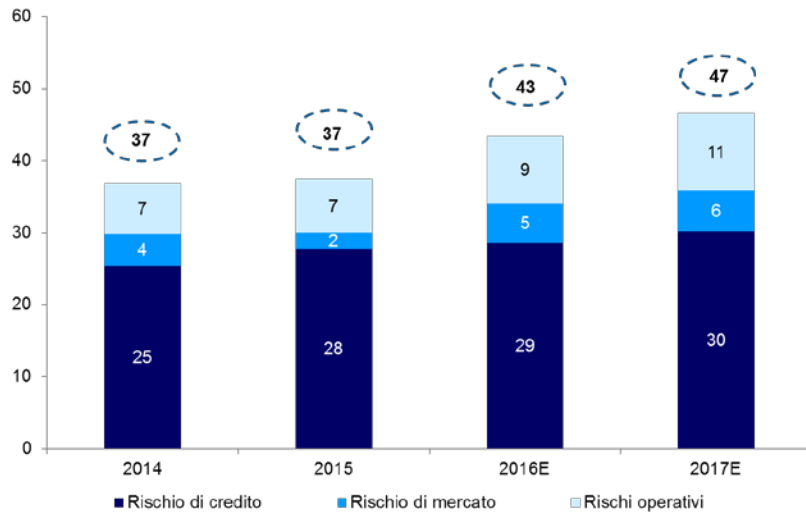
Cost / Income ratio (%)



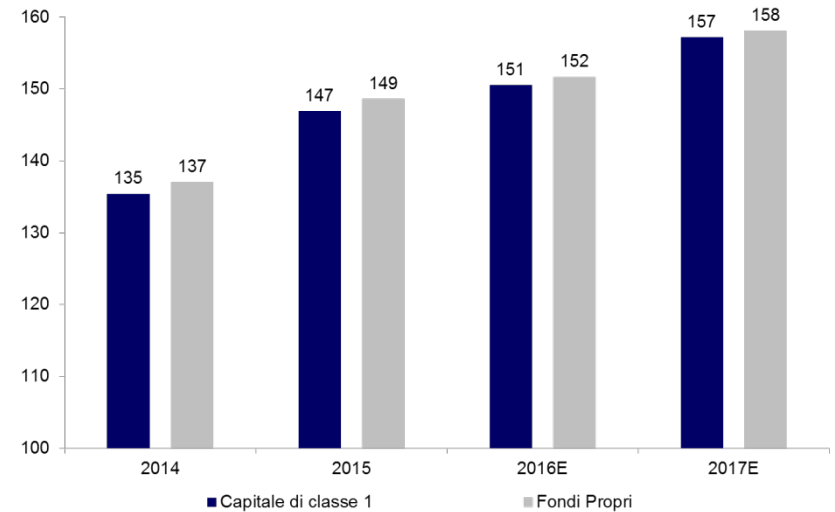
- At 2017, the earnings margin and operating costs should stabilise at €71.6M and €50.7M, respectively.
- The growth of revenues is primarily the result of increased net commissions.
- The trends in operating costs reflect the the assumption plans provided by the parent company and the subsidiaries.
- There is a decrease in the *cost / income ratio*, from 74.8% in 2014 to 70.8% in 2017.

# Plan Targets – Financial Solidity

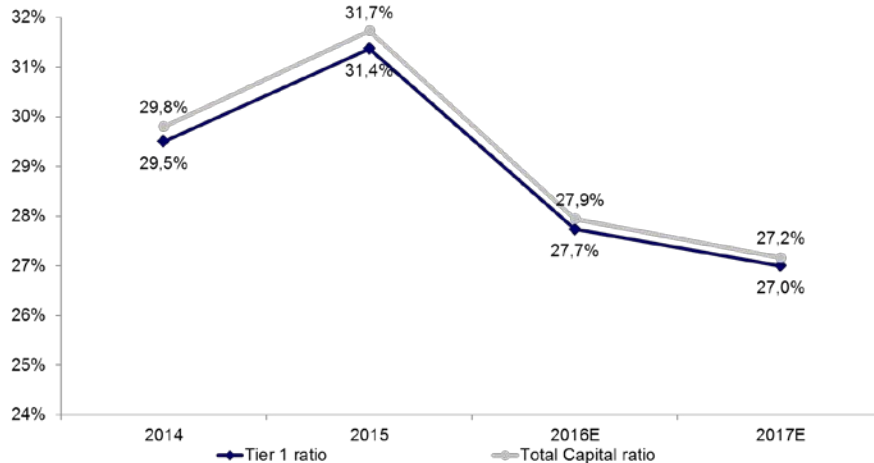
Pillar 1 risks RWA (MEuros)



Class 1 Capital and Own Funds (MEuros)



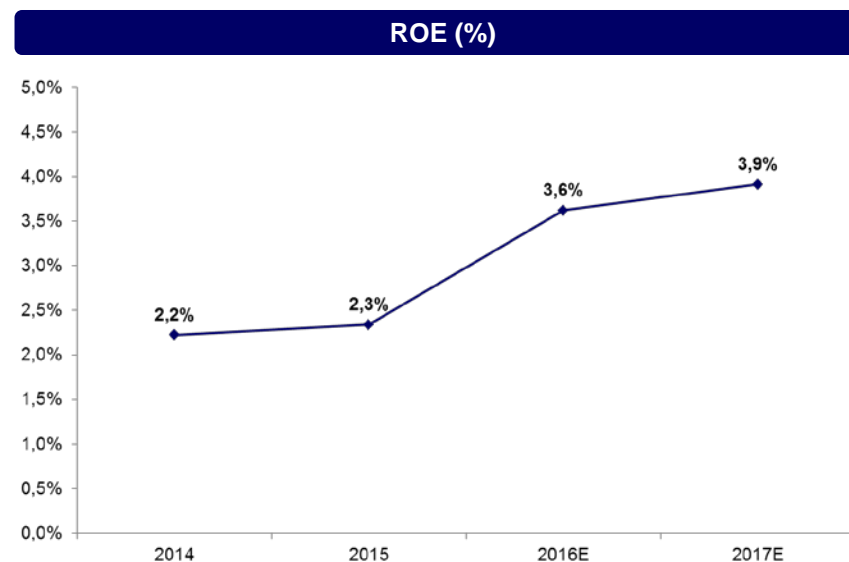
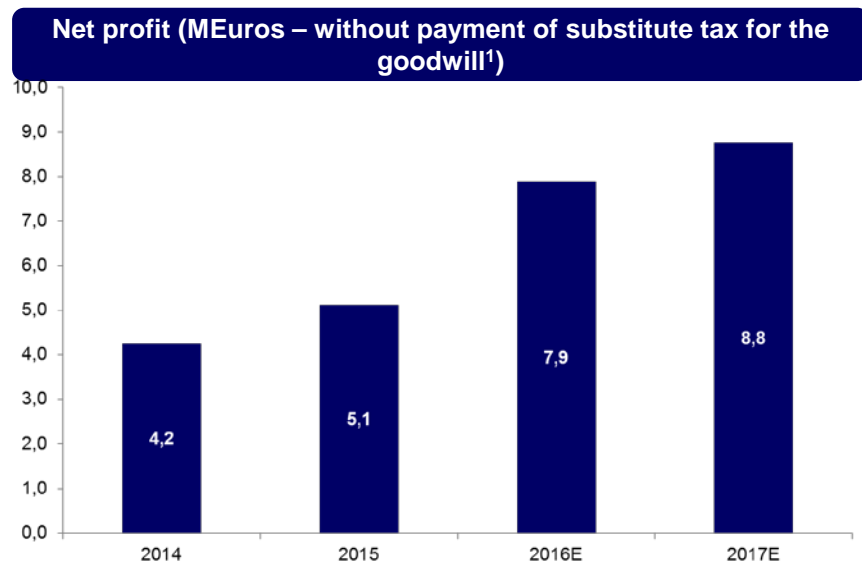
Tier 1 ratio and Total Capital ratio (%)



- At the end of the plan horizon the high financial solidity will be maintained, accompanied by a substantially unchanged risk profile.
- In 2017, the class 1 Capital and Own Funds will be equal, respectively, to € 157M and € 158M, compared to risks totalling € 47M.
- The Tier 1 ratio and Total Capital ratio will remain at high levels for the entire Plan period, both reaching approx. 27% at the 2017 horizon.

# Plan Targets – Return on Investments

- In the plan period, there will be a recovery of profitability, in terms of ROE, stabilising at 3.9% in 2017, against a net profit of €8.8M.
- The increased ROE is significant, taking into account the maintenance of a high financial solidity.



(1) Does not include the accounting effects of the payment of substitute tax for the goodwill recorded following the merger of SGR immobiliare, whose impact on the income statement was equal to € 3.2M in 2015.

---

**DISCLAIMER:**

THE MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS (PAOLO COLLETTINI) DECLARES THAT, PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998, THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPONDS TO RELEVANT ACCOUNTING DOCUMENTS, BOOKS AND RECORDS.

THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SHARES OF BANCA FINNAT.

THE INFORMATION SET OUT IN THIS DOCUMENT, IN PARTICULAR THE INFORMATION RELATING TO THE FUTURE PERFORMANCE OF BANCA FINNAT, ARE FORECASTS AND ESTIMATES THAT REFLECT THE OPINION OF THE PRESENT MANAGEMENT OF BANCA FINNAT, WITH REGARD TO FUTURE EVENTS AND, THEREFORE, AS SUCH, ARE SUBJECT TO RISKS AND UNCERTAINTIES. BANCA FINNAT'S CAPACITY TO ACHIEVE THE FORECASTED RESULTS DEPENDS ON MANY FACTORS BEYOND THE MANAGEMENT'S CONTROL. THE ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE FORECASTED OR IMPLICIT IN THE FORECASTS (AND THEY MAY EVEN BE NEGATIVE). ANY REFERENCE TO PAST PERFORMANCE OR TRENDS OR ACTIVITIES OF BANCA FINNAT SHALL NOT BE TAKEN AS A REPRESENTATION OR INDICATION THAT SUCH PERFORMANCE, TRENDS OR ACTIVITIES WILL CONTINUE IN THE FUTURE. THIS PRESENTATION, WHICH WILL NOT BE SUBSEQUENTLY REVISED OR UPDATED, SHALL NOT BE REPRODUCED, REDISTRIBUTED OR TRANSMITTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON.

# Contacts

---

## **INVESTOR RELATIONS MANAGER**

Gian Franco Traverso Guicciardi

Tel. +39 06 69933440

E-mail: [g.traverso@finnat.it](mailto:g.traverso@finnat.it)

## **PRESS OFFICE**

SEC

Marco Fraquelli

Tel. +39 02 62499979

E-mail: [fraquelli@secrp.it](mailto:fraquelli@secrp.it)