

Banca Finnat Euramerica

Operating results at 31.12.2018
Business Plan

Milan, 20.03.2019

Agenda

I

Key actions

II

Consolidated financial highlights at 31.12.2018

III

Business Plan

Key actions (1/3)

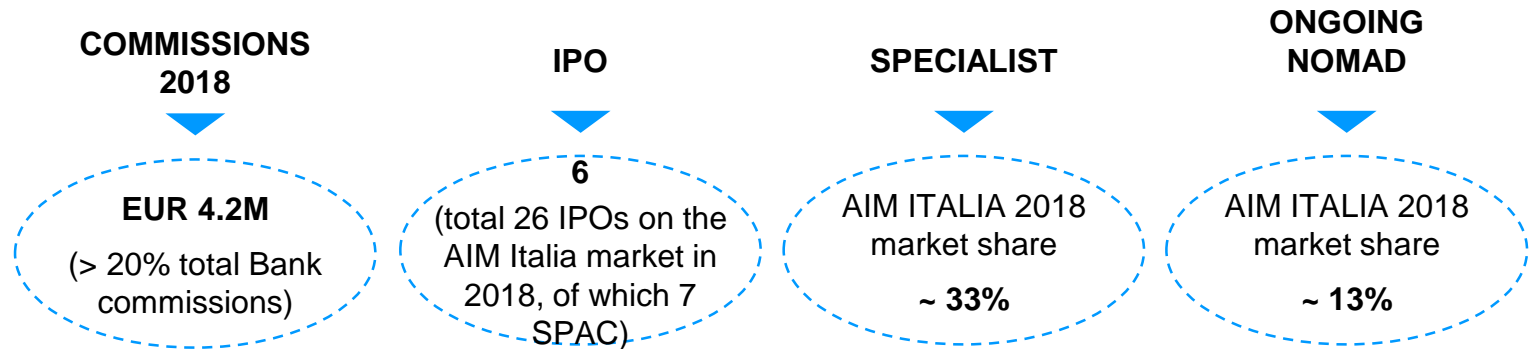
PRIVATE BANKING

- Further **development** of our **Business in Northern Italy**, has launched in 2017, by recruiting **new professionals** and promoting **new business activities**.
- Finding **new more prestigious premises** in which to move the **Milan branch** in 2019.
- Development of the **Business in Northern Italy** by strengthening the Milan and Novi Ligure branches and opening **new branches** in other strategic areas.
- **Further strengthening** the Bank's reputation as one of the major private banking operators in the **Rome Area** by **expanding the branch staffing**.

Key actions (2/3)

SME SERVICES

- Banca Finnat continues to maintain a **considerable competitive position** in respect of services provided to SMEs, either listed or at IPO stage.
- In particular, the Bank has:
 - enhanced its leading role as **Nomad** and **Global Coordinator / Lead Manager** on the AIM Italia market, thanks to the completion of **6 IPOs** (Fervi, Archimede SPAC, Grifal, Askoll EVA, SOS Travel and Powersoft), out of a total of 26 IPOs on the AIM Italia market in 2018, amounting to over 23% of the market;
 - consolidated its **leadership** position as a **specialist operator** by securing 10 new engagements;
 - consolidated its **ongoing Nomad** activities, currently carried out on behalf of 15 issuers;
 - finalised, as **Sponsor**, the **translisting** operation leading to the listing of Giglio Group on the MTA market;
 - developed and extended the **post-listing research** activities and **services**.



Key actions (3/3)

REAL ESTATE FUNDS

- The number of **managed real estate funds** has risen from **43** at 31 December 2017 to the current **44**.
- «Recurring» revenues^(*) from real estate fund management activities are **up by 10%**, in terms of net turnover, period-over-period.
- **Two new funds dedicated to foreign institutional investors** have been launched, totalling over 230 million euros, of which **one specialises in shopping centres**.
- The **extension of existing funds** continued, while the foundations have been laid for **new operations**, which will hopefully be implemented in the short term.
- **To date, investments have been made totalling about 800 million euros**, by means of the funds dedicated to **foreign speculative investors**, and the aim is to reach **1 billion euros by the end of 2019**.
- **Extension and sponsorship of platforms** for managing **distressed assets** dedicated to bank groups and leasing companies.
- Development of new projects in the following sectors: real estate private equity, banking, RSA, social security and insurance, hotels.

(*) Excluding the «non recurring» component linked to variable incentive commissions paid to the SGR by the funds.

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Consolidated financial highlights at 31.12.2018 (1/2)

1

ASSETS

- Total Group assets amount to **€16.4 billion**, up compared to €15.7 billion at 31.12.2017.
- Regarding the Bank, assets in administered and managed deposits total **€6.2 billion** while **direct deposits** total **€0.7 billion** up, respectively, by €0.6 billion and €0.2 billion compared to the end of the previous year.
- This growth is the result not only of the development of the **existing business structure**, as strengthened at the end of 2017, but also of the contribution of **new consultants** hired in the year. The growth also reflects the business «development strategy» in Northern Italy.
- The **new quality deposits** from the Private Banking customers totals **€230 million**.

2

REVENUES (1/2)

- The **interest margin** and **net commissions** total **€12.5 million** and **€52.4 million**, respectively, up by **39%** and **4%** compared to the previous year.
- The **earnings margin** totals **€68.1 million**, compared to €102.3 million at 31.12.2017, including the capital gains from the sale of shares held in the AFS portfolio and totalling €36.2 million.
- Net of this item, the earnings margin is **up by €2 million (+3%)**.
- The increased net commissions reflects, in particular, the positive performance recorded by the Bank's **core operations**, also as a result of the contribution of the securities placement and advisory services provided to IPO-stage companies, the placement of insurance products and the financial management and advisory services.

Consolidated financial highlights at 31.12.2018 (2/2)

2

REVENUES (2/2)

- The **interest margin** totals **€12.5 million**, up by **€3.5 million** period-over-period.
- Such an increase is the result, for **€ 1.3 million**, of the increased **loans** to customers which, although featuring a low risk profile, consistently with the Business Plan guidelines, have nevertheless increased from **€312 million** at 31.12.2017 to **€374 million** at 31.12.2018.
- The interest margin on **Italian Treasury securities**, related to repurchase agreements, increased by **€ 1.8 million** as a result – inter alia – of transactions completed in the fourth quarter which generated a margin of **€488 thousand**.

3

NET PROFIT

- At the end of the year, the Group recorded a **net result** of **€5.3 million**, up by **€4.8 million** compared to the «adjusted» net profit recorded in 2017 which does not include the considerable capital gains (totalling **€ 36.2 million** before tax) from the sale of shares held in the AFS portfolio.

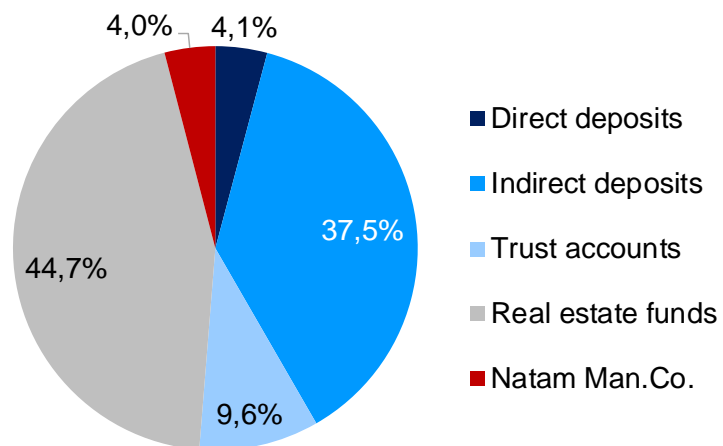
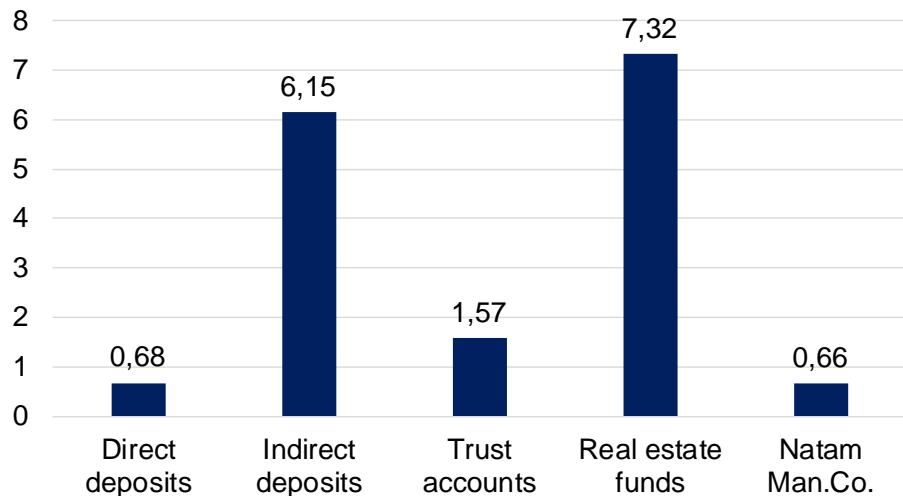
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CET 1

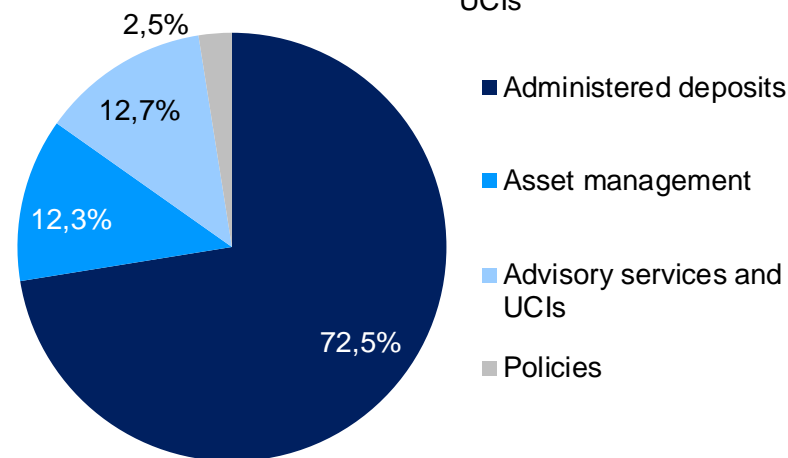
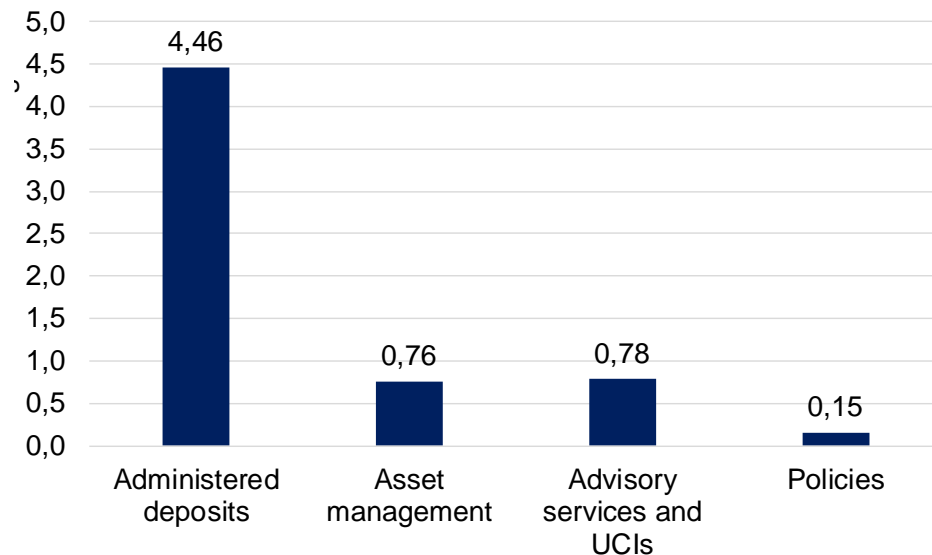
- The Group maintains a **high level of capitalisation** and **equity soundness**, among the highest on the market, with a consolidated **CET 1** Capital Ratio equal to **29.7%** at 31.12.2018.

Assets

Assets as at 31.12.2018 (Euro Bn)

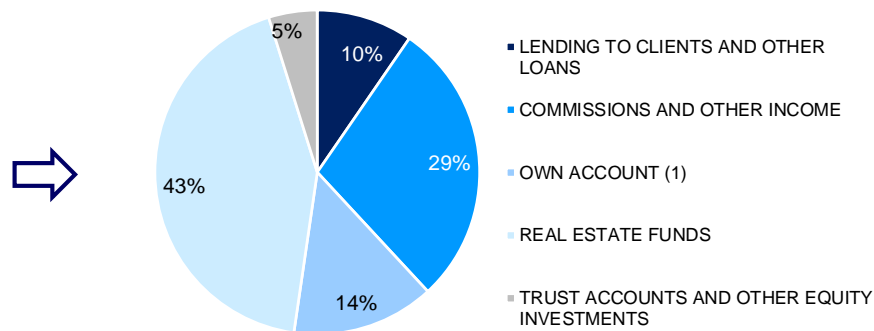
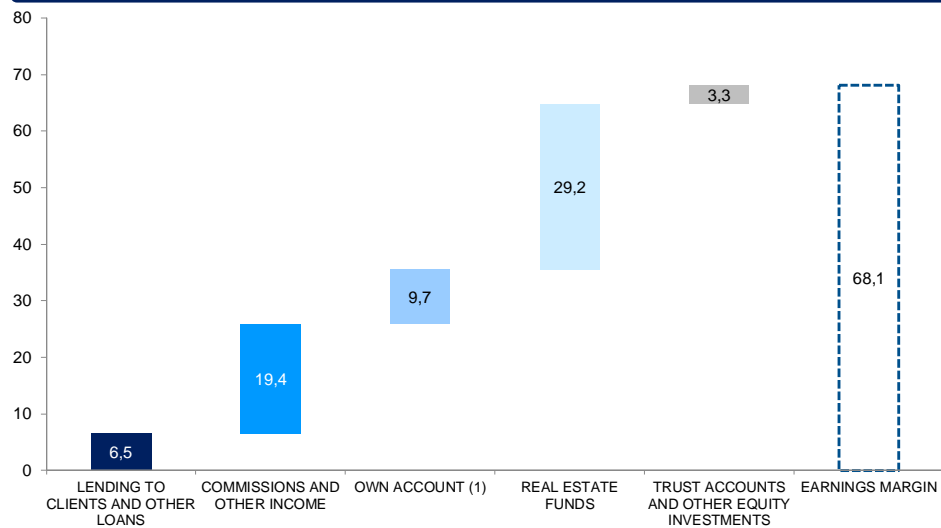


Breakdown of indirect deposits as at 31.12.2018 (Euro Bn)



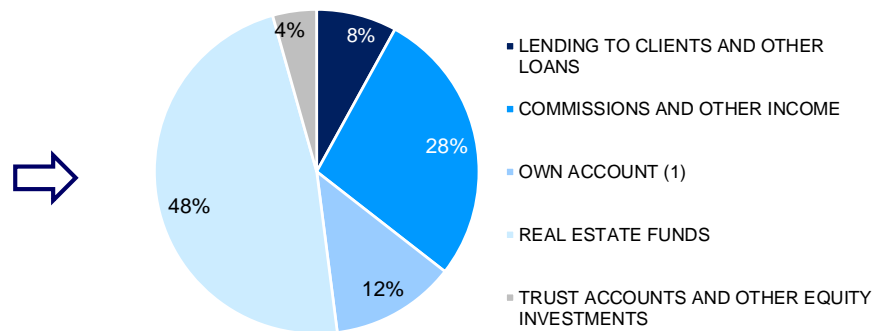
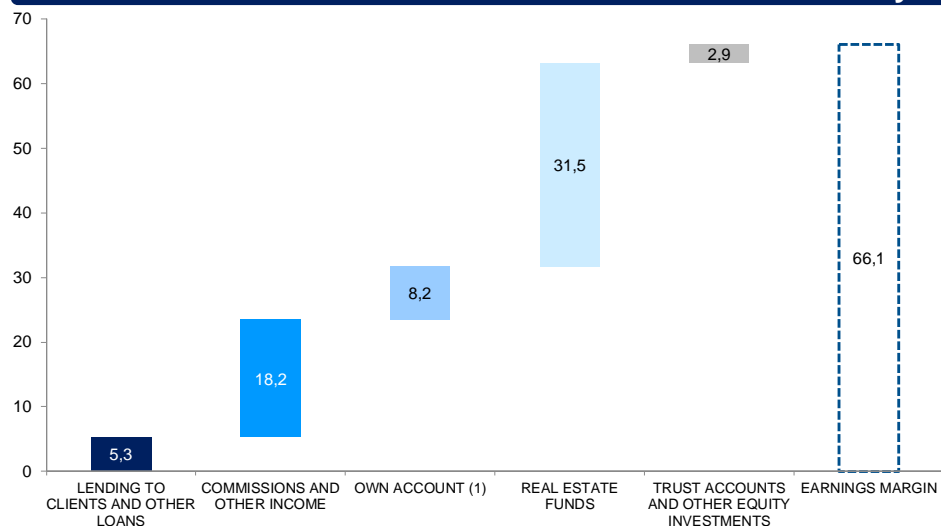
Revenues (1/2)

Revenues breakdown by area – 2018 (M EUR and %)



(1) Includes interest margin from PCT transactions, trading portfolio result, dividends and other revenues from AFS portfolio securities

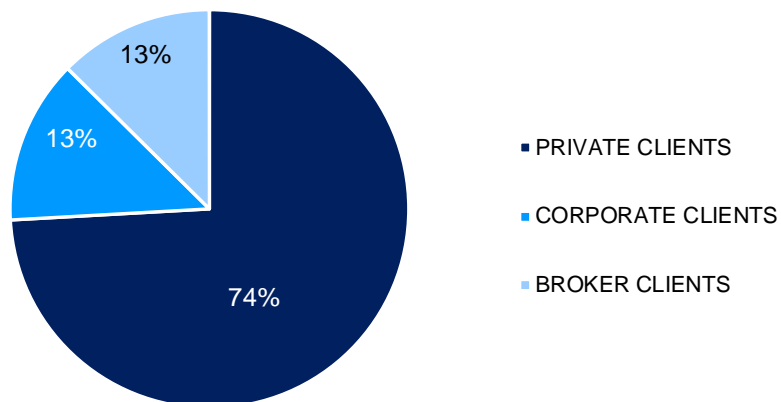
Revenues breakdown by area – 2017 (EUR and %) (2)



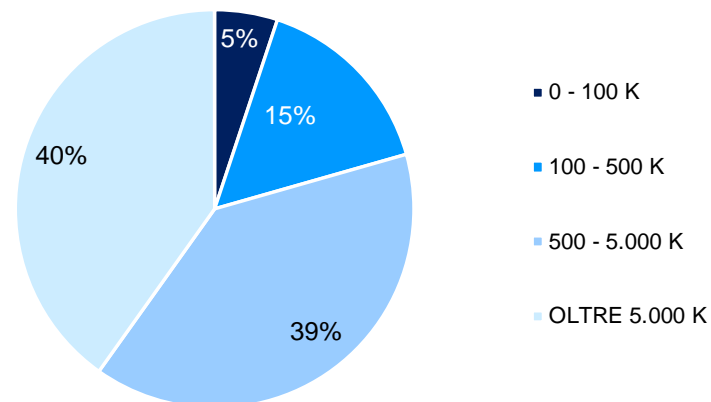
(2) Adjusted and restated figure. Does not include the capital gains from the sale of shares held in the AFS portfolio and totaling approx. Eur 36.2M.

Revenues (2/2)

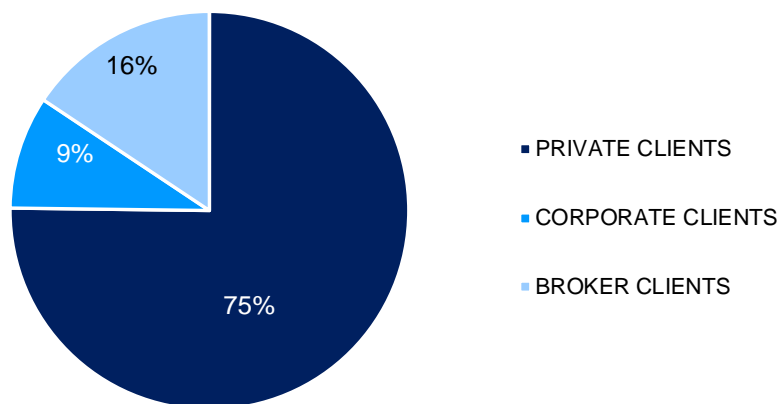
Revenue breakdown by type of client – 2018 (%)



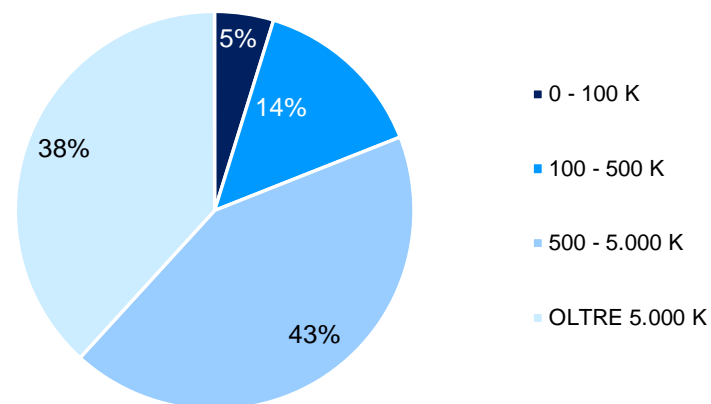
Private client revenue breakdown – 2018 (%)



Revenue breakdown by type of client – 2017 (%) ⁽¹⁾

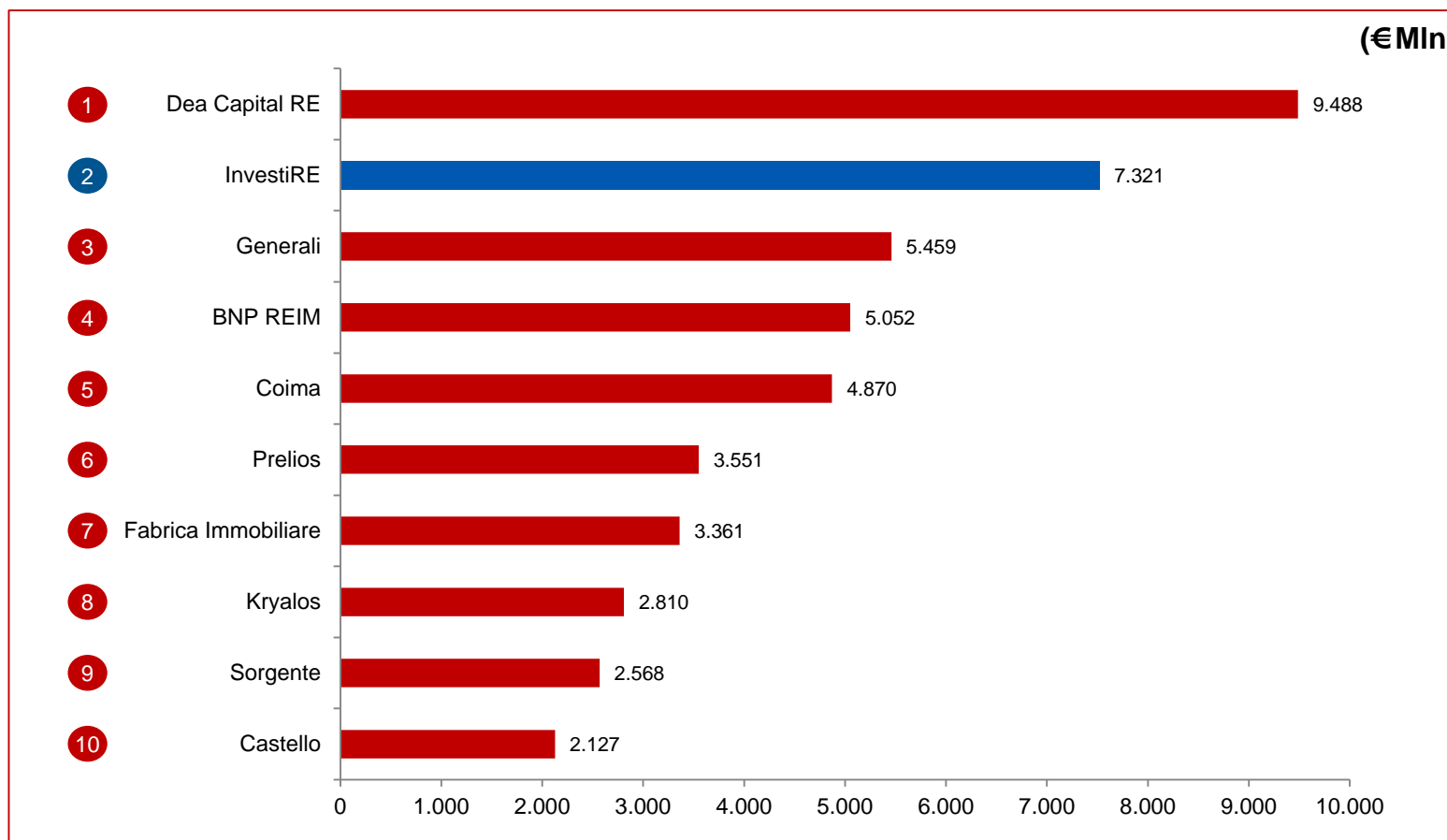


Private client revenue breakdown – 2017 (%)



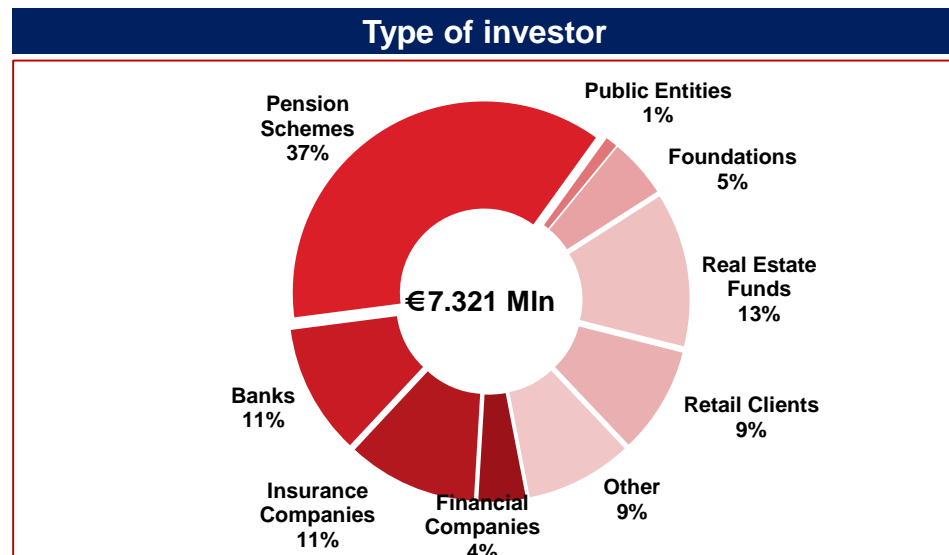
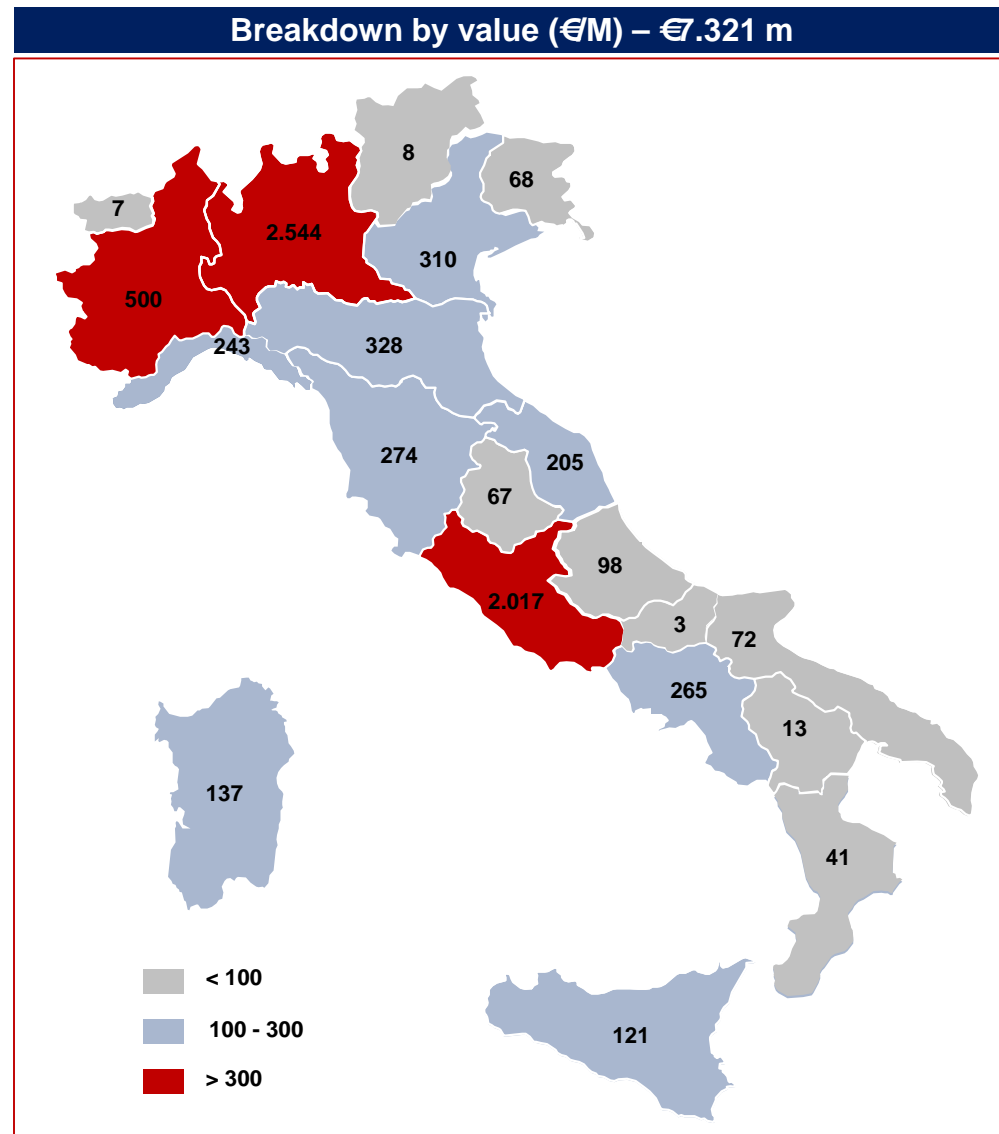
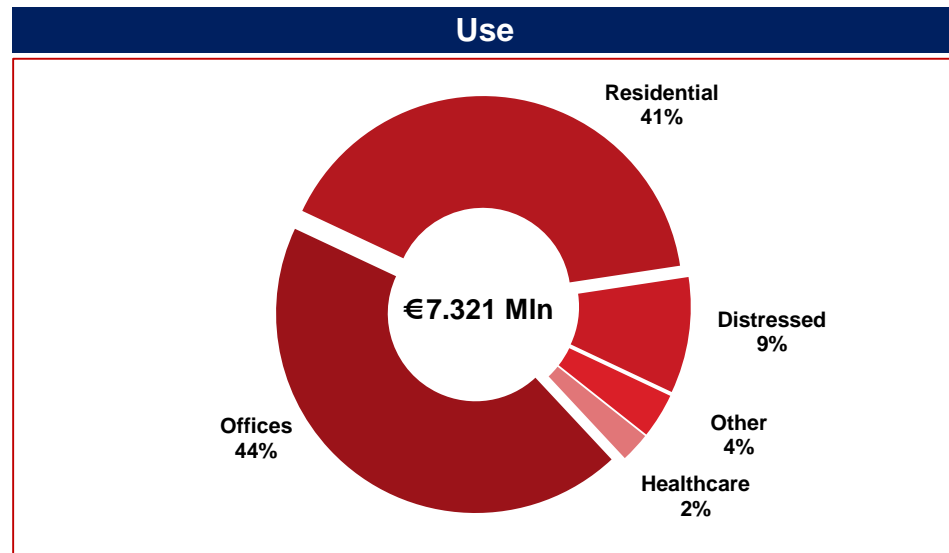
(2) Adjusted and restated figure. Does not include the capital gains from the sale of shares held in the AFS portfolio and totaling approx. Eur 36.2M.

Real estate activities – Ranking of InvestiRE



Figures at 31/12/2017, for InvestiRE figures at 31/12/2018
Coima includes Coima Res

Real estate activities – Breakdown of AuM



Reclassified consolidated profit and loss account

Consolidated profit and loss account (€000)	2017	2017 adj ⁽¹⁾	2018	Δ 18 vs 17	Δ 18 vs 17 adj
Interest margin	9.034	9.034	12.531	39%	39%
Dividends	2.806	2.806	2.350	-16%	-16%
Net commissions	50.580	50.580	52.441	4%	4%
Profit (loss) from trading activities on own account	39.904	3.661	758	-98%	-79%
Earnings margin	102.324	66.081	68.080	-33%	3%
Administrative expenses	(54.062)	(54.062)	(56.181)	4%	4%
Value adjustment (amortization and depreciation)	(643)	(643)	(646)	0%	0%
Provisions for risks and charges	(100)	(100)	(148)	n.a.	n.a.
Other operating income (expenses)	5.510	5.510	5.534	0%	0%
Operating expenses	(49.295)	(49.295)	(51.441)	4%	4%
Profit (loss) from equity investments	(1.708)	(1.708)	(296)	n.s.	n.s.
Gross operating profit	51.321	15.078	16.343	-68%	8%
Adjustment to value of receivables / financial assets	(6.119)	(6.119)	(4.003)	-35%	-35%
Net operating profit	45.202	8.959	12.340	-73%	38%
Income tax	(5.015)	(4.547)	(4.027)	-20%	-11%
Minority interest profit	(3.879)	(3.879)	(2.970)	-23%	-23%
Net profit for the year	36.308	534	5.343	-85%	901%

(1) Does not include the capital gains from the sale of shares held in the AFS portfolio and totaling approx. Eur 36.2M.

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Strategic guidelines (1/3)

Strategic guidelines

1

Indirect deposits

- Increasing the amount of assets and revenues from direct deposits.
- Extending the customer base and developing the amount of assets managed.

2

Lending to clients

- Consolidating the interest margin, also as a result of the increased average turnover, such as to support private banking growth and maintain a low risk profile.

Action lines

- Attracting new private bankers with medium-to-high seniority.
 - Developing the Business in Northern Italy also after moving the Milan branch to new more prestigious premises which will help boost the Bank's image on the market and contribute to attracting new professionals. Further development may also be achieved by opening new branches and assessing the possibility of specific team, family office, SIM and trust acquisitions.
 - Further strengthening operations in the Rome Area where the Bank is acknowledged as one of the leading private banking operators.
 - Completing specific market positioning operations, also for the purpose of exploiting any opportunities offered by regulatory changes (e.g., Switzerland).
 - Developing products and services offered to private and institutional clients.
-
- Increasing m/l term loans secured by quality assets, with spread value in line with recent years.
 - Increasing the amount of loans granted at lower interest rates to enhance the development of the managed assets.

Strategic guidelines (2/3)

Strategic guidelines

3

SME services

- Developing services for IPO-stage and listed issuers (SMEs and AIM companies), for the purpose of consolidating their market leadership.
- Developing and consolidating corporate advisory activities.
- Broadening our services portfolio.

4

Other institutional client services

- Developing the activities of the Luxembourg-based Man.Co..
- Exploiting the cross-selling opportunities.

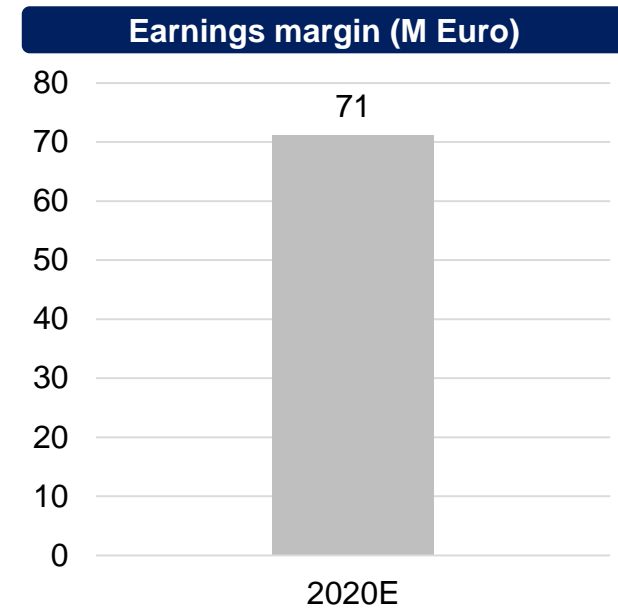
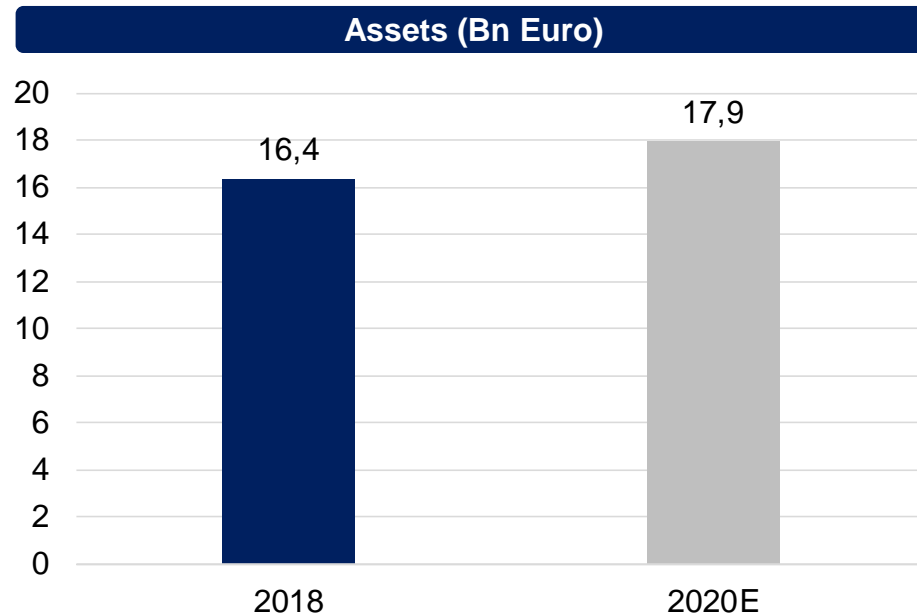
Action lines

- Securing mandates on the AIM Italia and MTA markets for primary and secondary market transactions and translisting transactions, by exploiting both the integrated services offered by BFE and the potential opportunities from already listed clients.
- Extending and consolidating the marketing plan targeting Italian-based SMEs.
- Further implementing the business synergies, also in the wake of the increased private banking, and exploiting the bank's integrated competences in order to secure new potential clients.
- Offering administrative, supervisory, governance and management services to SICAV companies, under both UCITS and AIFMD.
- Partnerships with third-party managers, for providing administrative and brokerage services.
- Consolidating the customer base and institutional relations for fostering the adoption of BFE service proposals in the Group's different operating sectors.

Strategic guidelines (3/3)

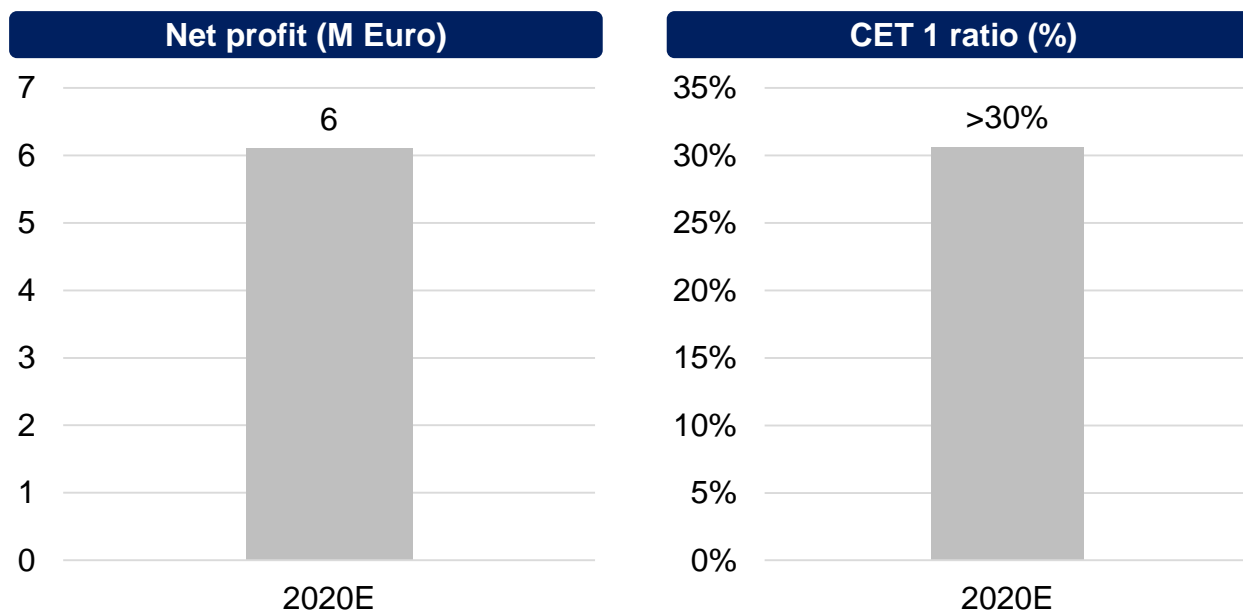
Strategic guidelines	Action lines
<p data-bbox="99 315 128 354">5</p> <p data-bbox="111 329 534 425">Real estate funds</p> <ul data-bbox="136 444 886 839" style="list-style-type: none">• Replacing the outgoing assets, related to the foreign investor platforms, with new products/assets coming from the same sector.• Consolidating the volume and profitability of the existing funds.• Gradually extending the existing business lines, also by securing new investors and market shares.	<ul data-bbox="948 454 1984 768" style="list-style-type: none">• Identifying new products / opportunistic funds by exploiting the existing structure and know-how.• Developing new projects in the following sectors: real estate private equity, banking, RSA, pension schemes / insurance, accommodation.• Improving, strengthening and extending the existing funds.
<p data-bbox="99 925 128 963">6</p> <p data-bbox="111 939 555 1035">Proprietary</p> <ul data-bbox="136 1082 679 1125" style="list-style-type: none">• Searching for new opportunities.	<ul data-bbox="948 972 1984 1125" style="list-style-type: none">• Maintaining high volumes of treasury transactions.• Speculative transactions and/or targeted small-scale acquisitions aimed at developing private banking.

Business Plan targets (1/2)



- **Total assets** feature a **5% CAGR** and are expected to reach **17.9 Bn Euro** in 2020, primarily as a result of the growth of assets net of real estate from 9.1 Bn Euro in 2018 to 10 Bn Euro in 2020.
- **Earnings margin** is expected to total **71 M Euro** at the end of the Business Plan period, highlighting the increase in commissions from indirect deposits.

Business Plan targets (2/2)



- **Net profit** is expected to reach **6 M Euro** at the end of the Business Plan period, highlighting the consolidation of the profit-making capacity.
- We can also highlight a continued financial soundness, accompanied by a substantially unchanged risk profile, with a **CET 1 capital ratio** in excess of **30%** at the end of the Plan period.
- We also expect to pay an annual **dividend** of 0.01 Euro per share.

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