

Banca Finnat Euramerica

**Results at 31.12.2019 and at
30.06.2020**

Strategic Guidelines

Rome, 23.09.2020

Agenda

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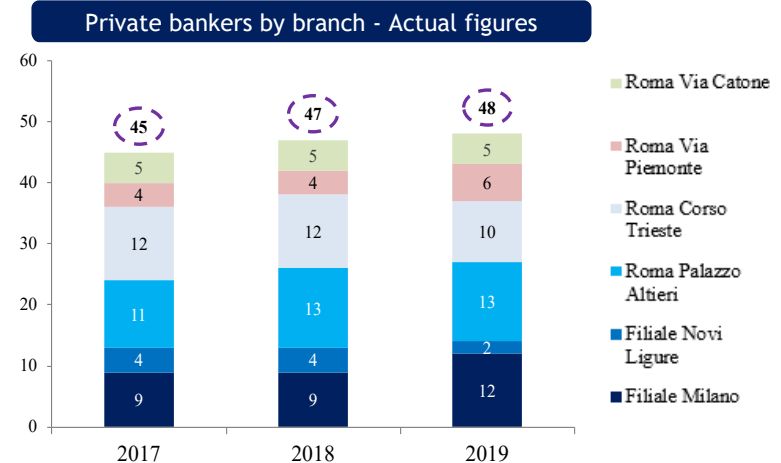
Key actions (1/3)

MANAGERIAL INITIATIVES

- Strengthening of the asset management team with the appointment of a new manager and the launching of new funds in order to weather the uncertainty resulting from high market volatility.
- Appointed a new Credit manager.

PRIVATE BANKING

- Removal of the Milan branch to more prestigious premises and strengthening of the Bank's operations in Northern Italy, with new hired professionals, which has led to an increase of Private deposits in the North albeit to a lesser extent compared to the Business Plan targets (9% compared to 18% expected at the end of 2019).
- Strengthening of the Rome "family office": the entry of high-standing private bankers has determined a growth of the network which, however, despite the fact that a number of profiles had been assessed, has resulted in three human resources, net of outgoing resources, compared to the 16 expected in 2018-2019.
- Opening to illiquid instruments and to the private equity world with the offering of closed-end funds not related to market dynamics but to the real economy.



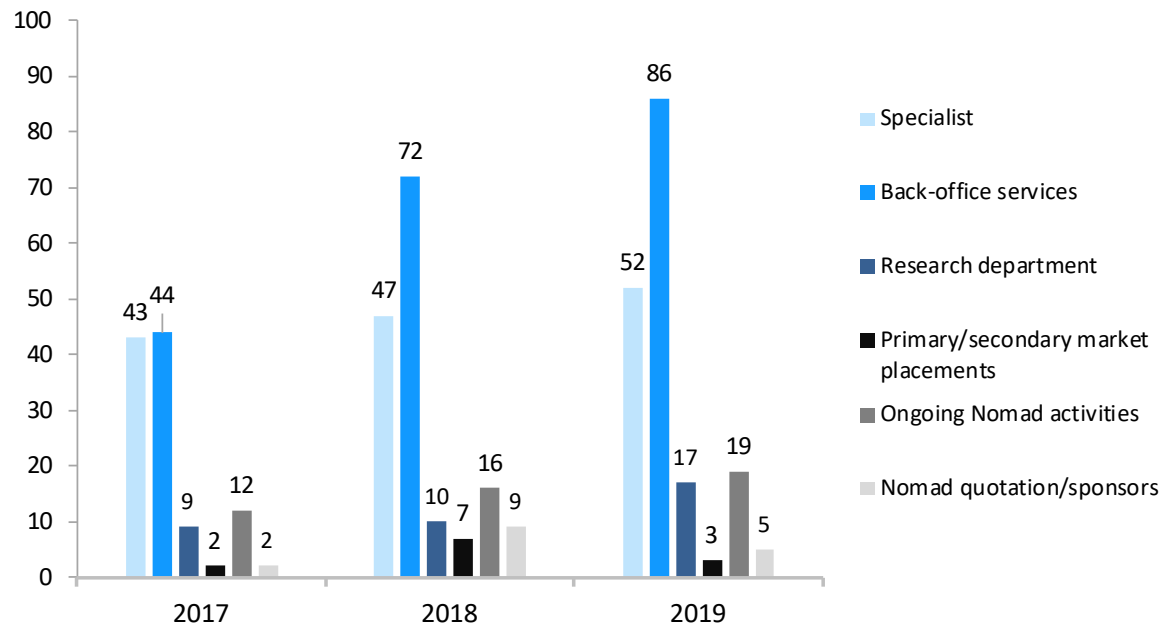
PROPRIETARY

- Pursuit of opportunistic carry trade strategies regarding short and medium-trade government securities, with a profitability that has been significantly higher than forecasted in the business Plan (0.20% forecasted in the Plan compared to 0.45% in 2018 and 0.82% in 2019).

Key actions (2/3)

SME SERVICES

- Consolidation of the leadership as a specialist on the AIM Italia market;
- Acquisition to date, effective from 2018, of 10 placement mandates on the primary market (AIM Italia), of 2 placement mandates on the secondary market (AIM Italia) and of a translisting transaction from AIM to the STAR segment of the MTA;
- Development of the Nomad activities, currently carried out vis-à-vis 19 issuers;
- Development of sponsoring activities on the MTA market;
- Growth of the research coverage on listed companies on the AIM market. Currently, the Research Department covers 15 companies.



Key actions (3/3)

INSTITUTIONAL CLIENTS

- Natam Management Company, established in 2016, is fully operational today with assets under management totalling over 1 billion.
- The New Millennium Pir Bilanciato Sistema Italia fund is among the first PIRs (Individual Savings Plans) launched on the market (AprThe 2017). Since its establishment it has been characterised by an excess exposure towards small and medium enterprises compared to the minimum laid down in the initial rules governing PIRs: therefore, its portfolio is already complying with the new rules introduced in 2020.
- The AIM Sistema Italia PIR Fund - a SIF sub-fund dedicated to institutional investors - started operating on 1 December 2017 and overperformed in 2018 and 2019 by over 4%.

REAL ESTATE SGRs

- New corporate organisation aimed at extending the investment sectors and the capacity to attract new investors.
- Broadening of the investor panel through the structuring of 5 reserved funds to new clients, totalling over 360 million euros of Assets Under management.
- Consolidation of the investment platforms dedicated to foreign speculative investors.
- Sponsorship of platforms devoted to banking groups and leasing companies for the management of «distressed asset» and kickstarting negotiations for the establishment of new funds in the same sector.

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Consolidated highlights at 31.12.2019 (1/2)

1

ASSETS

- Group AUM total € 17 billion, up compared to € 16,4 billion at 31.12.2018.
- Regarding the Bank, assets from indirect deposits, administered and managed accounts, total € 6.4 billion while those from direct deposits total € 0.8 billion up, respectively, by € 0.3 billion and € 0.1 billion compared to the end of the previous year.
- This growth is the result not only of the development of the **existing business structure** but also of the contribution by new the **new consultants** hired in the year. The growth also reflects the developments of the consolidation strategy in the Northern Business Area.
- The new quality deposits from Private Banking customers totals € 260 million.

2

REVENUES (1/2)

- The interest margin and net commissions total € 16.3 million and € 53 million, respectively up by 30% and 1% compared to the previous year.
- The earnings margin is up by 3% compared to the previous year and totals € 70,3 million compared to € 68.1 million at 31.12.2018.
- The increased net commissions reflect the positive performance of the Bank's core operations, with, in particular, the growth of commissions from the placement of funds and insurance products and asset management services (whether individual or delegated) and financial consulting, compared to the lower commissions for Advisory and Corporate Finance activities, primarily as a result of the lower placement transactions on the AIM market.

Consolidated highlights at 31.12.2019 (2/2)

2 REVENUES (2/2)

- The interest margin totals € 16.3 million, up by € 3.7 million compared to the previous year.
- A € 0.7 million increase is the result of the increased interest from loans to customers which, although featuring a low risk profile, consistently with the Business Plan guidelines, feature a growth of the average interest rate applied to the new disbursements equal to 2.08% in 2019 compared to 1.97% in 2018.
- The interest margin on investments in Italian treasury securities, for repurchase agreements, increased by € 3.6 million as a result of the high profitability margins associated with the new carry trade transactions.

3 NET PROFIT

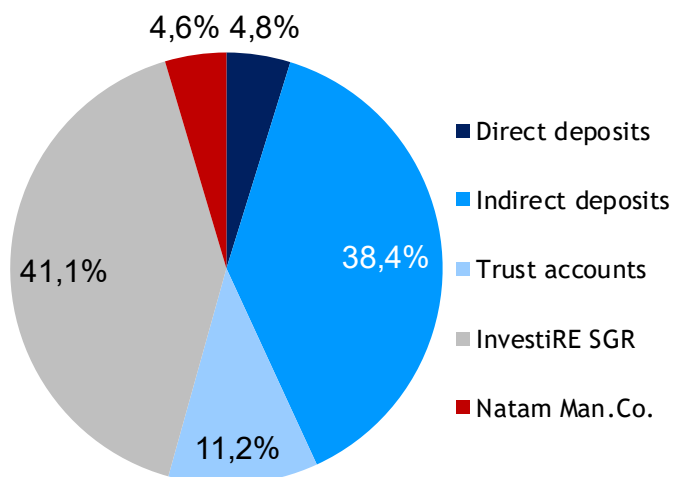
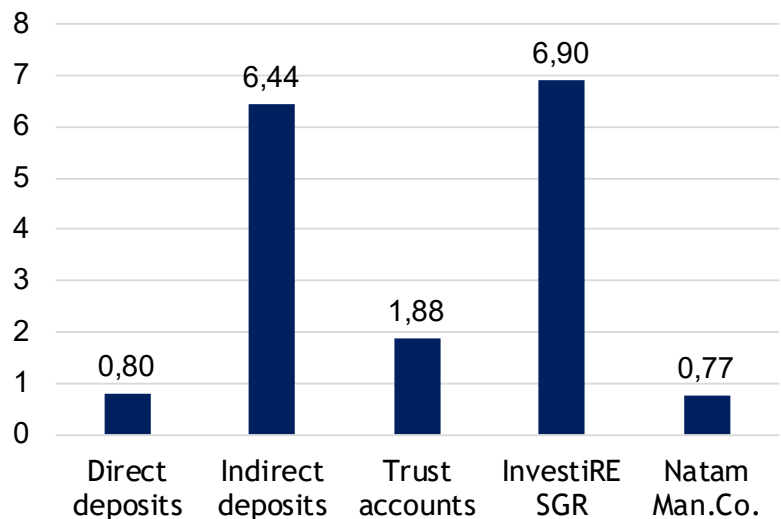
- At the end of the year the Group recorded a net result of € 0.43 million, down by € 4.9 million compared to the net profit recorded in 2018 due to loans write-downs and impairment losses on equity investments.

4 CET 1

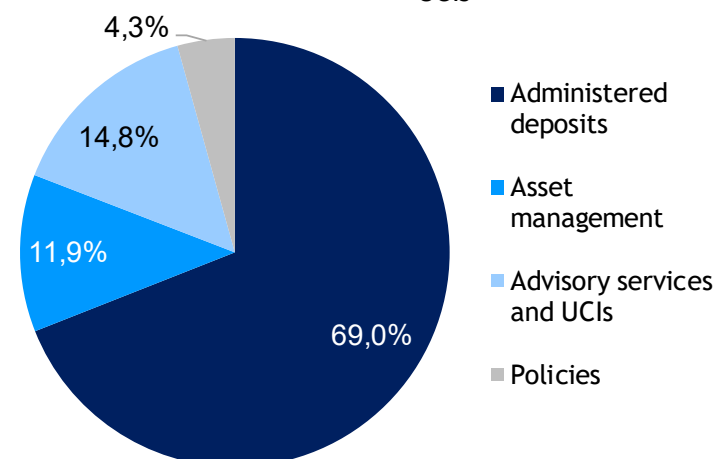
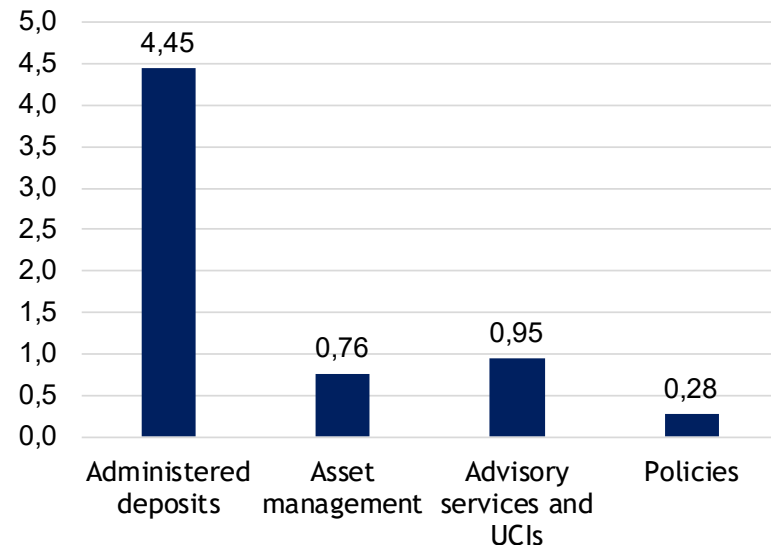
- The Group maintains a high level of equity soundness, among the highest on the market, with a consolidated CET 1 Capital Ratio of 31.6% at 31.12.2019 compared to 29.7% at 31.12.2018.

ASSETS

Group AUM at 31.12.2019 (Bn Eur)

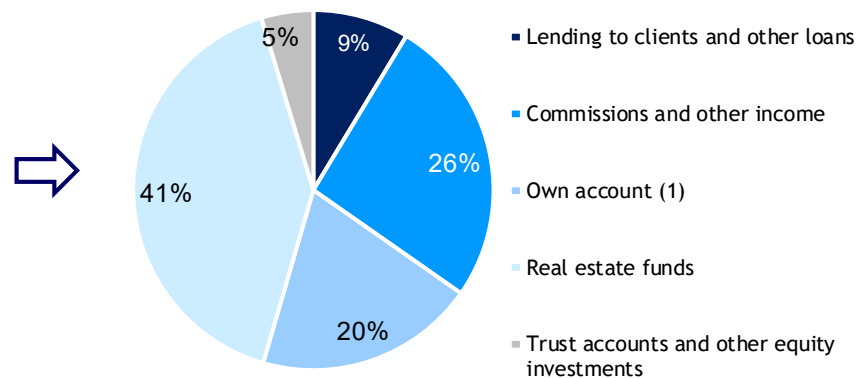
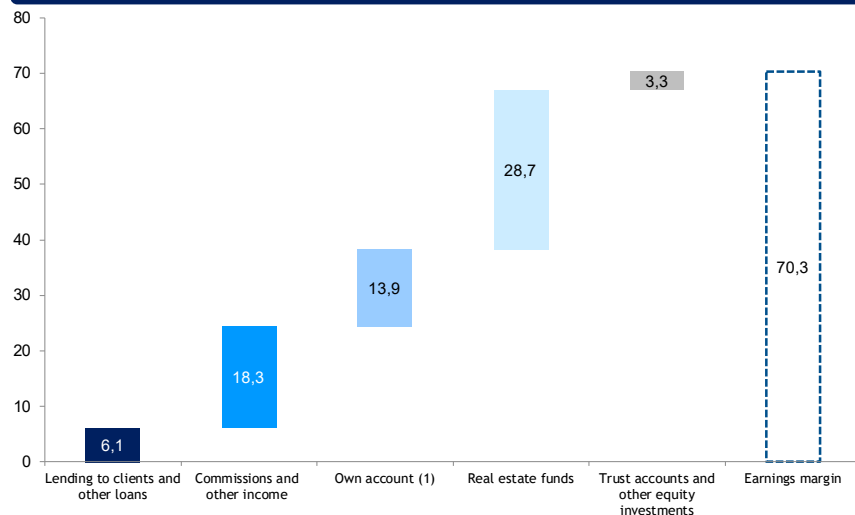


Breakdown of indirect deposits 31.12.2019 (Bn Eur)



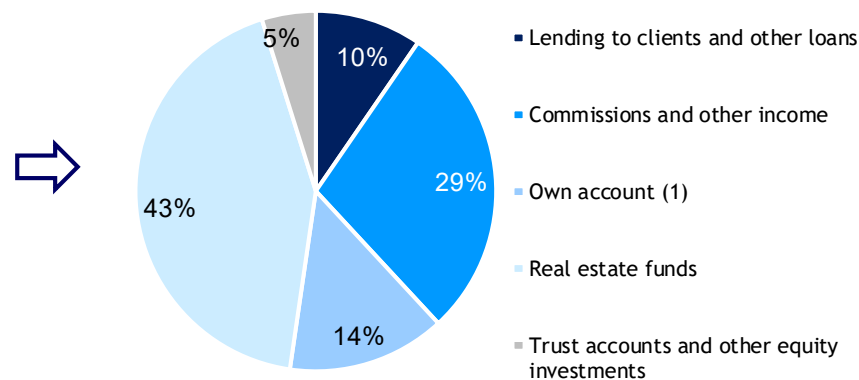
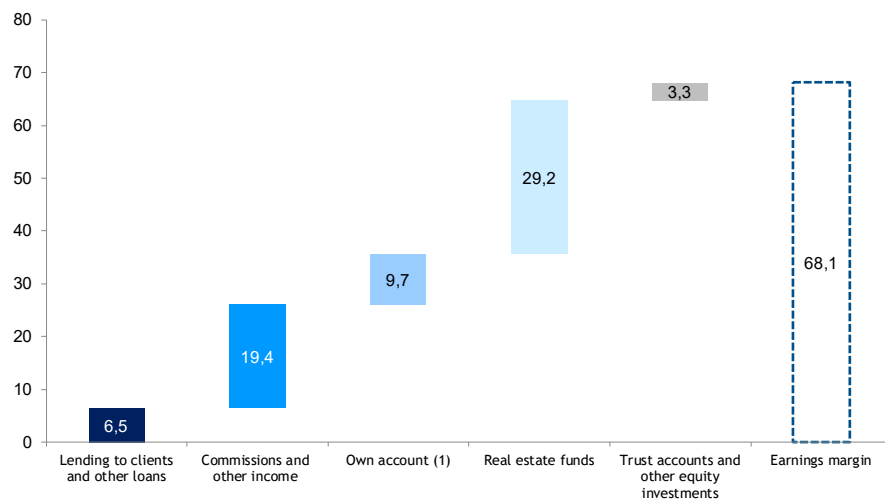
REVENUES (1 / 2)

Revenue breakdown by area - 2019 (M EUR and %)



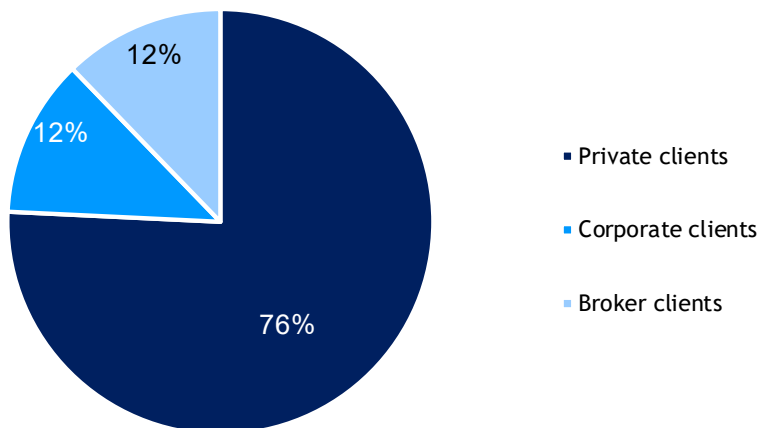
(1) Includes interest margin from PCT transactions, trading portfolio result, dividends and other revenues from portfolio securities

Revenue breakdown by area - 2018 (M Eur and %)

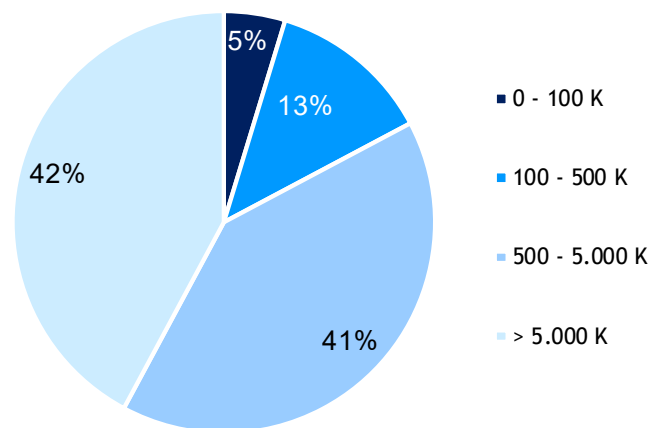


REVENUES (2 / 2)

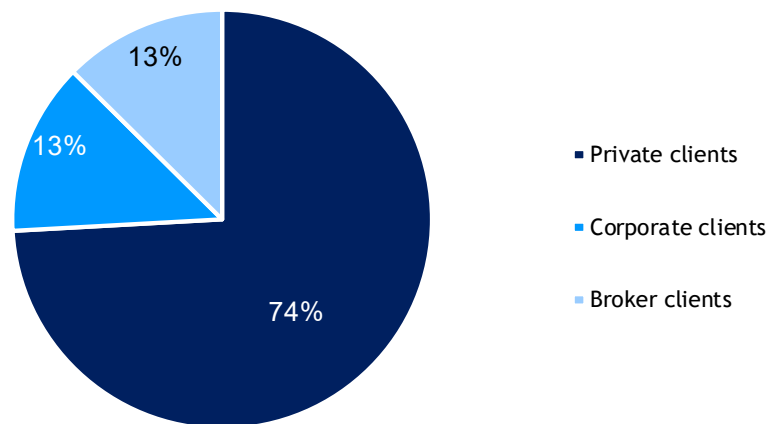
Revenue breakdown by type of client - 2019 (%)



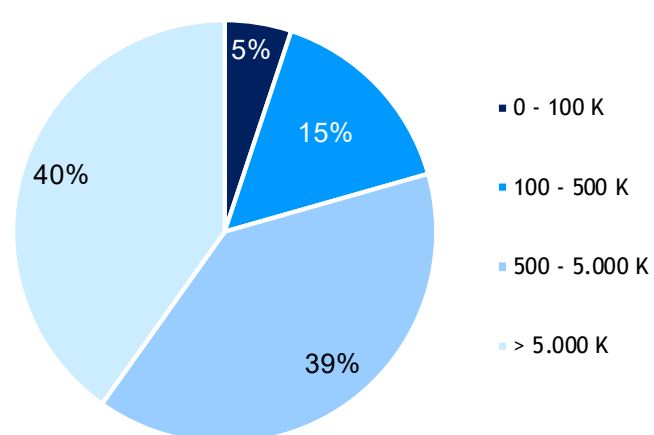
Private client revenue breakdown - 2019 (%)



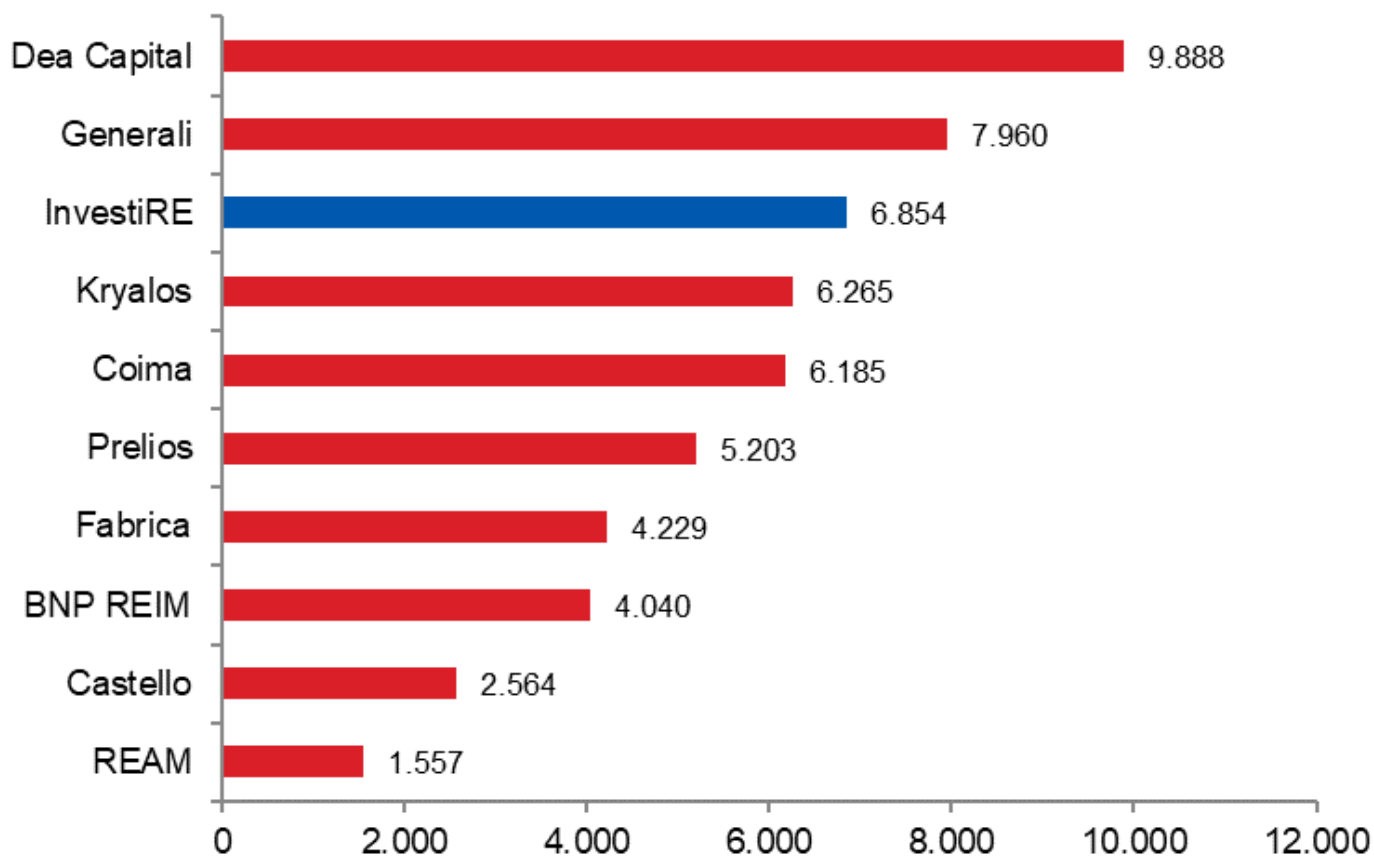
Revenue breakdown by type of client - 2018 (%)



Private client revenue breakdown - 2018 (%)

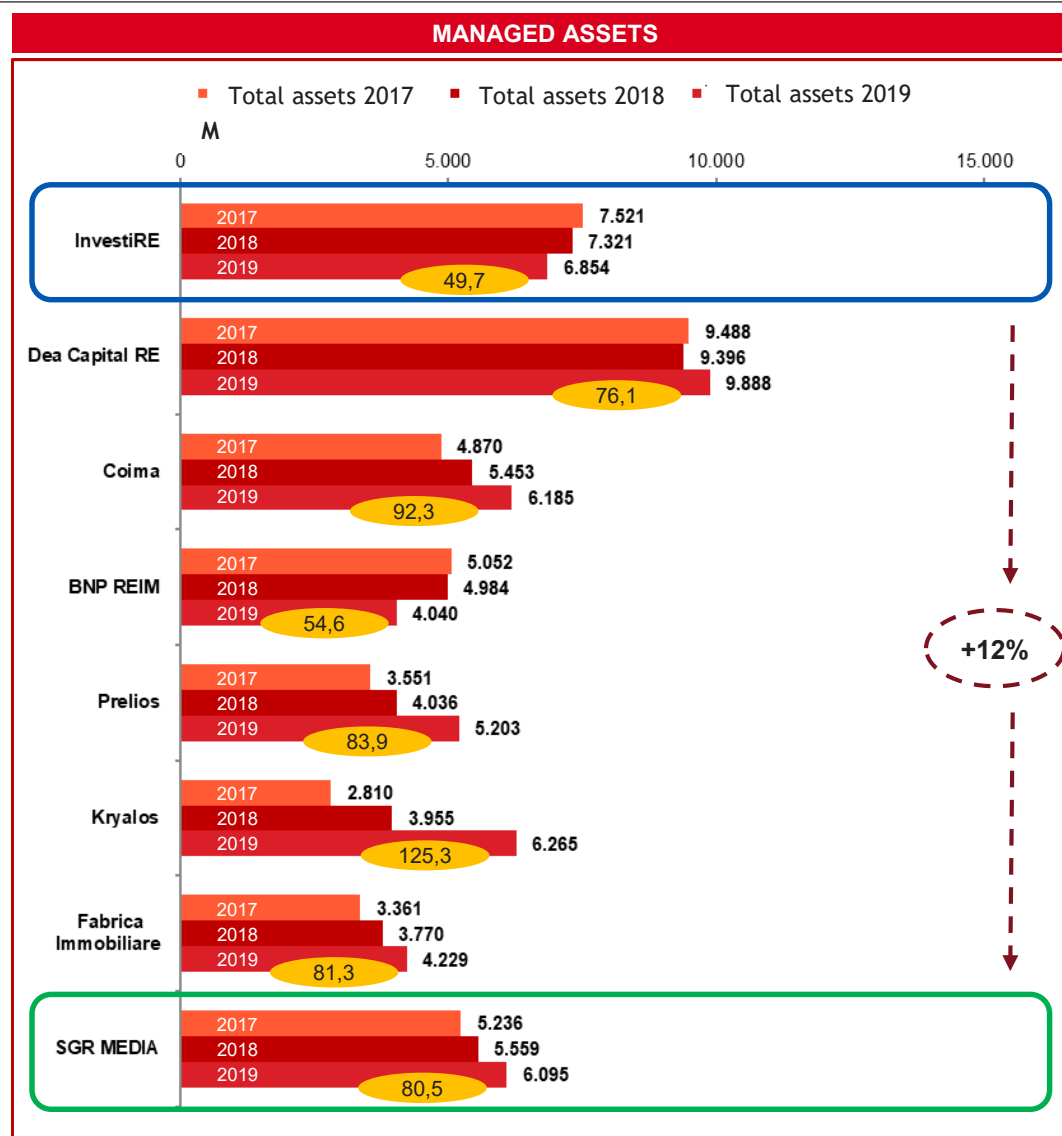


Real estate activities at 31/12/2019 - Ranking of InvestiRE



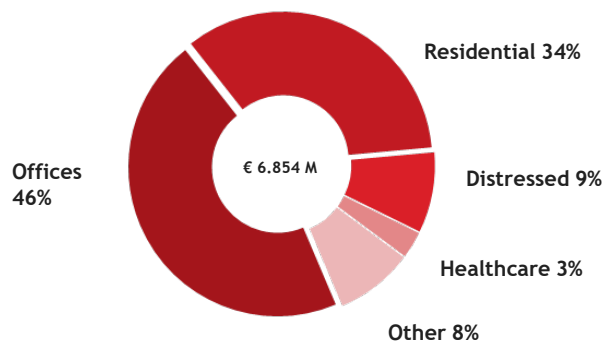
- i) Coima includes Coima Res;
- ii) Generali only includes activities managed in Italy, without considering delegated activities;

- Following is an analysis of the trends of the assets of InvestiRE and of the principal SGRs operating on the market.
- The sample has been selected by choosing the top 7 real estate SGRs, in terms of managed assets, excluding Generali SGR, which has a totally different business model compared to the other players since it manages an almost entirely captive equity and features an organisation based on functions that are centralised over a number of group companies.

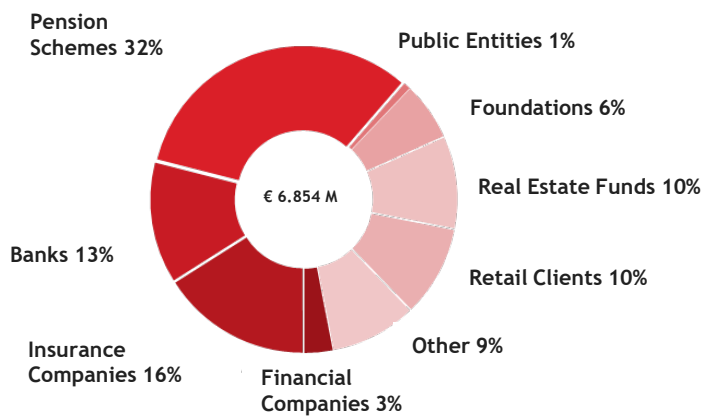


M = Per capita managed assets

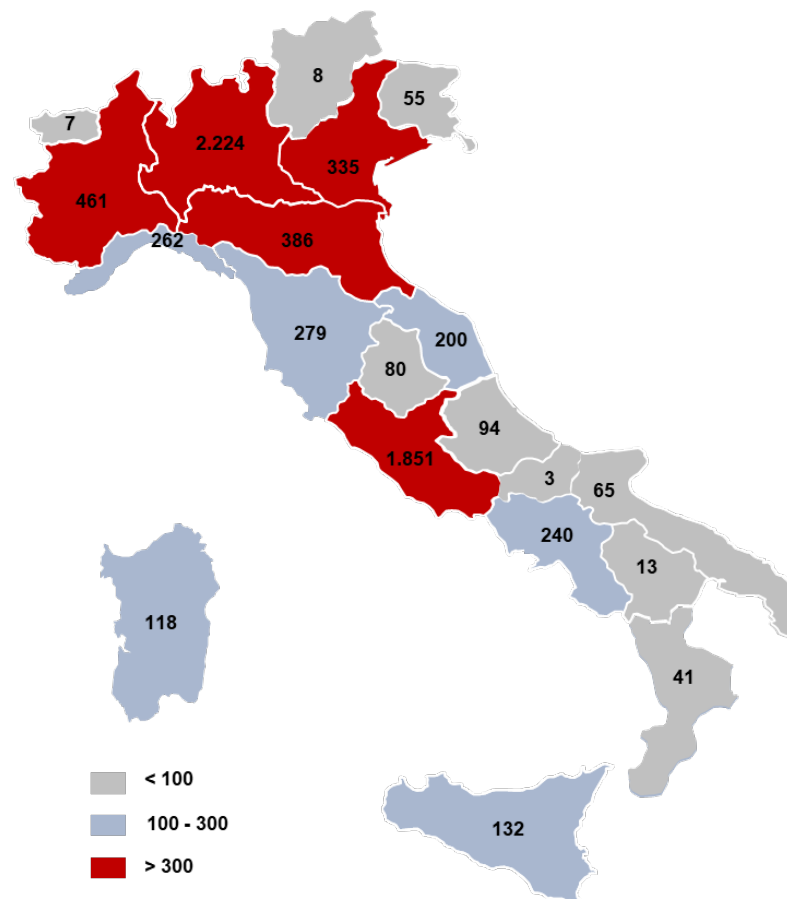
Use



Type of investor



Breakdown by value - €6.854 Mln



Reclassified consolidated profit and loss account (€/000)	2018	2019	Δ 19 vs 18
Interest margin	12.531	16.286	30%
Dividends	2.350	3.013	28%
Net commissions	52.441	52.982	1%
Profit (loss) from trading activities on own account (*)	758	-1.957	-358%
Earnings margin	68.080	70.324	3%
Administrative expenses	(56.181)	(54.000)	-4%
Amortization and depreciation	(646)	(3.656)	466%
Provisions for risks and charges	(148)	682	-561%
Other operating income (expenses)	5.534	5.430	-2%
Operating expenses	(51.441)	(51.544)	0%
Profit (loss) from equity investments	(296)	(175)	-41%
Gross operating profit	16.343	18.605	14%
Provision on receivables/financial assets (**)	(4.003)	(12.009)	200%
Net operating profit	12.340	6.596	-47%
Income tax	(4.027)	(3.094)	-23%
Minority interests	(2.970)	(3.068)	3%
Net profit for the year	5.343	434	-92%

(*) Includes profit/loss and capital gains/losses relating to the HTS, HTCS portfolios and securities mandatorily measured at fair value.

(**) Includes profit/loss from contractual changes without cancellations.

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Strategic Guidelines

Covid-19: Initiatives for clients

1 Private Banking

- Warranted operational continuity at all the Private Banking centres and enhanced contacts with clients.
- Implementation of a new banking app.
- Investments in communications: - weekly newsletter on the evolution of the pandemic, the markets and the economic measures; - clips with interviews of major health and business experts; - long-term investment proposals.

2 Institutional and corporate clients

- Warranted full time presence at the head office for dealing room, asset management and treasury operations.
- Business initiatives aimed at minimising the impact on the corporate clients hardest hit by the crisis, through a fee revision process.

3 Credit

- Prompt application of the support measures decided by Parliament (Cura Italia and Decreto Liquidità)
- Business initiatives with facilitations targeting in bonis clients not requiring support measures, aimed at individuals and corporations.

Consolidated highlights at 30.06.2020 (1/2)

1

ASSETS

- Group assets under management total € 15.1 billion, down compared to € 16.7 billion at 30.06.2019 and to € 17 billion at 31.12.2019.
- Regarding the Bank, assets from indirect deposits, administered and managed accounts, total € 5.4 billion, down by € 1.3 billion compared to 30.06.2019 and € 1 billion compared to 31.12.2019, while direct deposits total € 0.64 billion.
- The drop is primarily due to the large-scale global market correction caused by the Covid-19 pandemic, despite the good results achieved by the existing business structure. The drop was also affected by the delayed introduction of the new consultants due to the pandemic.

2

REVENUES (1/2)

- The interest margin totals € 8.3 million, up by 6% compared to the previous year, while the net commissions total € 23.4 million from € 25.7 million due to lower commissions for € 1.5 million as a result of the disposal of a business division by the subsidiary Investire Sgr to Redo Sgr.
- The earnings margin totals € 32.5 million compared to € 35.2 million at 30.06.2019, down by 7.7% .
- Trading commissions relating to Banca Finnat are up by 29% compared to the first half of 2019, contributing with € 2.7 million to the earnings margin, while the net result of trading activities, totalling € -612 thousand, is down by € 1.046 thousand, shrinking also as a result of the crisis.
- The net result of other financial assets mandatorily measured at fair value features a negative balance of € 418 thousand, compared to an equally negative balance of € 1.25 million (however, against a drop in dividends of € 1.2 million).

Consolidated highlights at 30.06.2020 (2/2)

2 REVENUES (2/2)

- The interest margin totals € 8.3 million, up by € 0.5 million compared to the previous year.
- The interest margin on investments in Italian treasury securities, for repurchase agreements, also increased by € 575 thousand, totalling € 4.4 million, also thanks to the margins on the transactions concluded in the last six months.
- The margin reported by the Bank between investments and deposits by clients is slightly down (-2%), totalling € 3.1 million, due to the reduced investments which, with regard to the current account and loan components, dropped from € 364 million at 30.06.2019 to € 302 million at 30.06.2020, however maintaining a limited risk profile, consistently with the Business Plan guidelines. It is forecasted that this drop will have been widely set off by the end of the year.

3 NET PROFIT

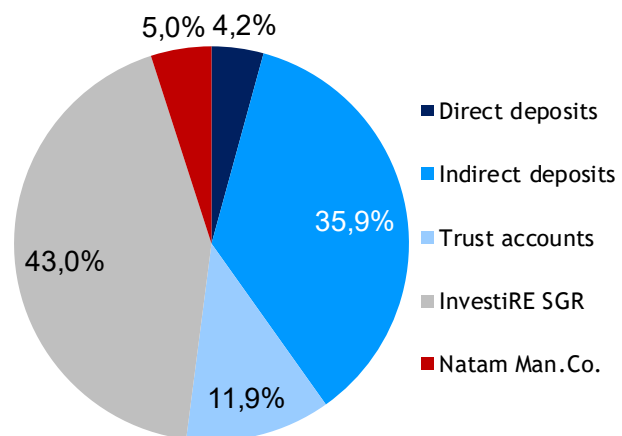
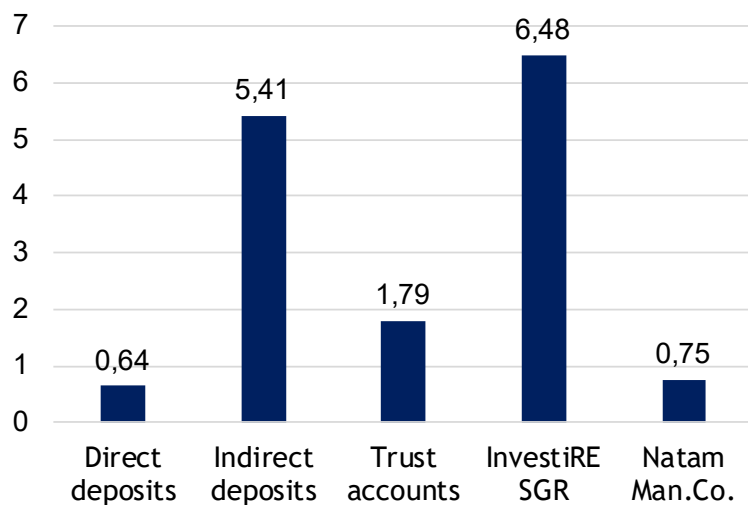
- At 30.06.2020 the Group recorded a net result of € 2.1 million, down by € 2.25 million compared to the net profit recorded in the same period in 2019. A significant negative contribution to this result was made by the provisions envisaged for credit risk relating to financial assets, totalling € 1.8 million, against value recoveries of financial assets totalling € 0.7 million in 2019. The economic crisis due to the Covid-19 pandemic prompted the Bank to update the macroeconomic scenario for the purpose of determining the expected losses affecting financial assets. The statistical model has incorporated the downward growth forecasts, with respect to both the global and the Italian economies.

4 CET 1

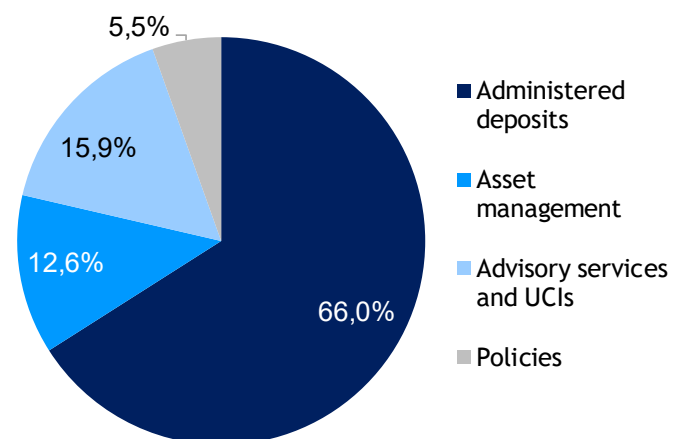
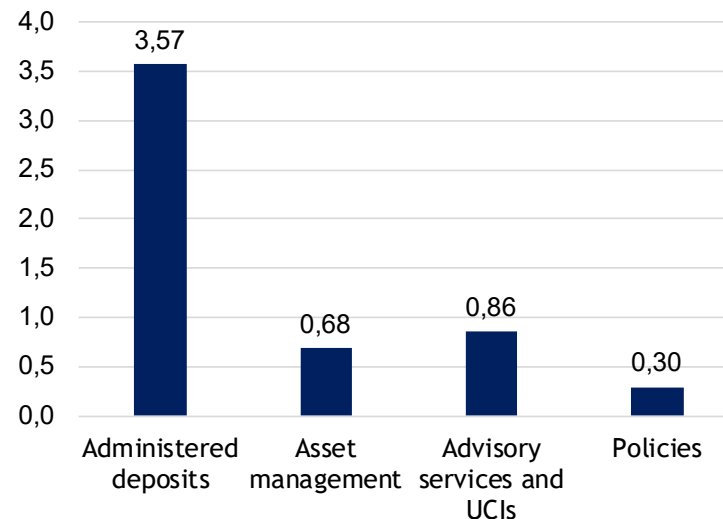
- The Group further improved a high level equity soundness, among the highest on the market, with a consolidated CET 1 Capital Ratio of 35.7% at 30.06.2020.

ASSETS

Group AUM at 30.06.2020 (Bn Eur)

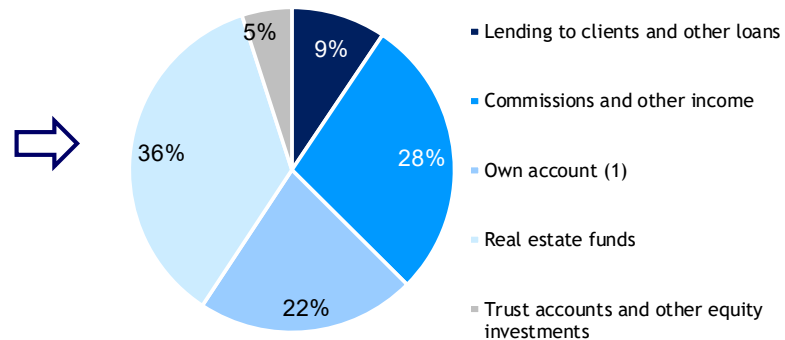
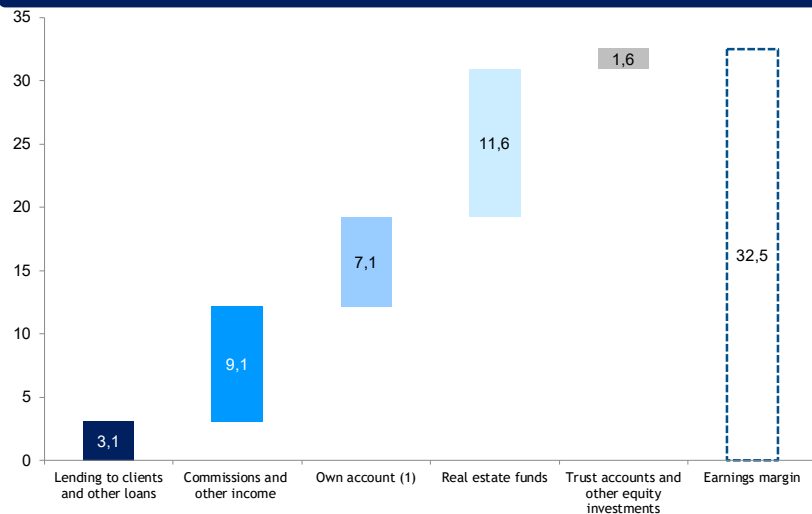


Indirect deposit breakdown at 30.06.2020 (Bn Eur)



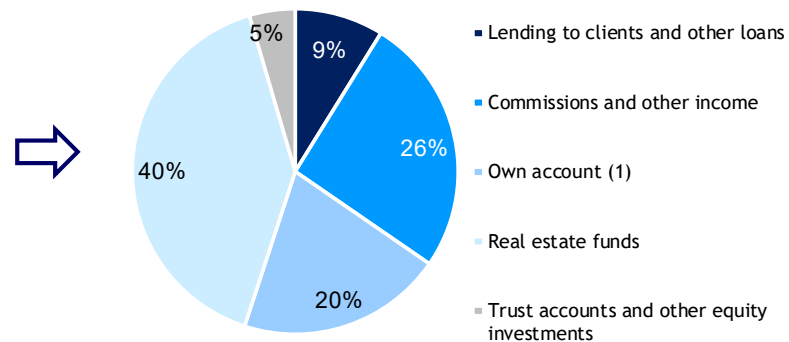
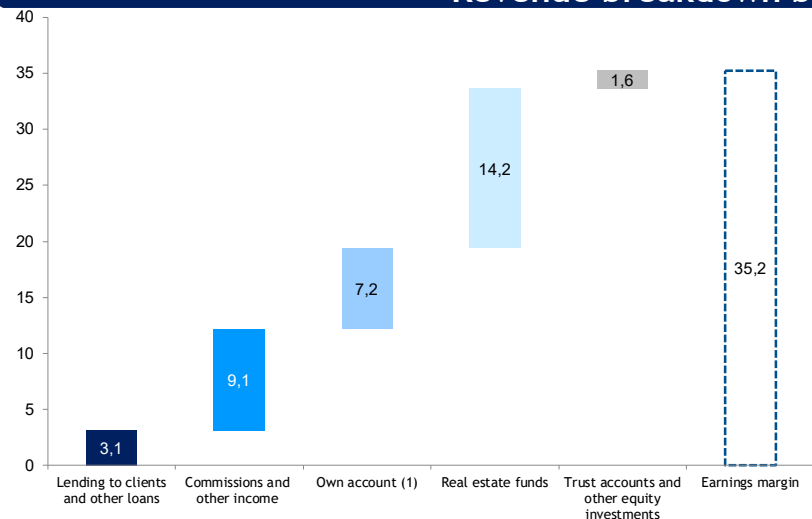
REVENUES (1 / 2)

Revenue breakdown by area - 30.06.2020 (M Eur and %)



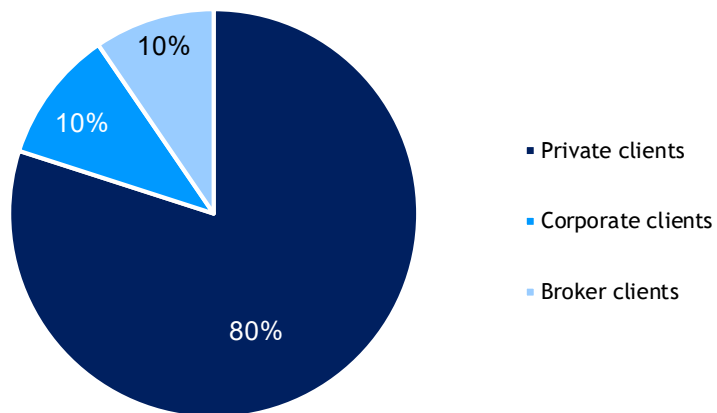
(1) Includes interest margin from PCT transactions, trading portfolio result, dividends and other revenues from portfolio securities

Revenue breakdown by area - 30.06.2019 (M Eur and %)

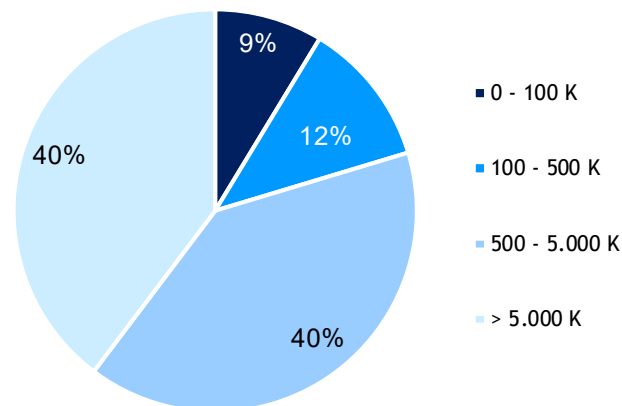


REVENUES (2 / 2)

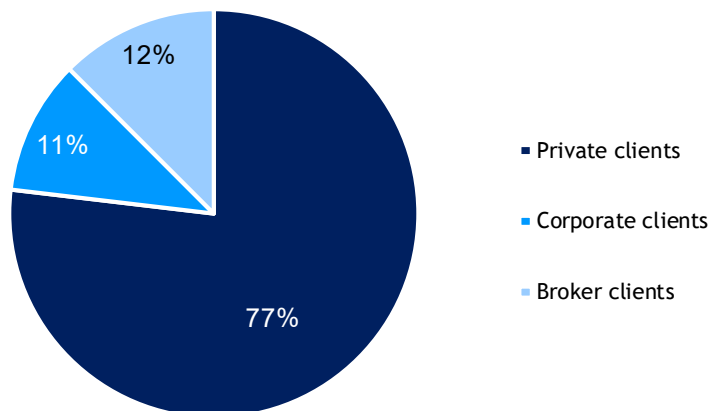
Revenue breakdown by type of client - Jun-20 (%)



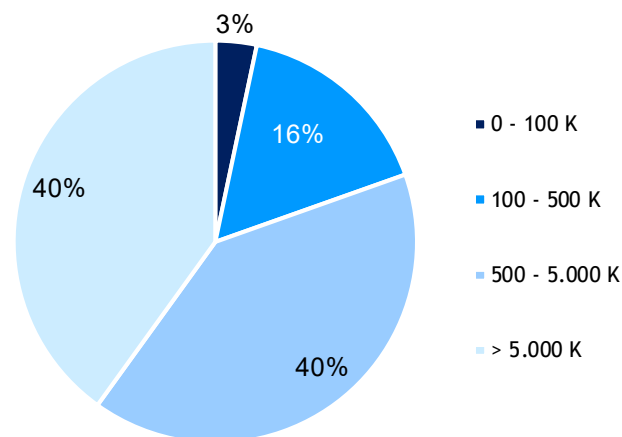
Private client revenue breakdown - Jun-20 (%)



Revenue breakdown by type of client - Jun-19 (%)



Private client revenue breakdown - Jun-19 (%)



Reclassified consolidated profit and loss account (€/000)	1st half-year 2019	1st half-year 2020	Δ
Interest margin	7.822	8.316	6%
Dividends	2.304	1.081	-53%
Net commissions	25.737	23.394	-9%
Profit (loss) from trading activities on own account (*)	(626)	(276)	-56%
Earnings margin	35.237	32.515	-8%
Administrative expenses	(28.654)	(26.203)	-9%
Amortization and depreciation	(1.773)	(1.815)	2%
Provisions for risks and charges	247	(67)	-127%
Other operating income (expenses)	3.241	2.512	-22%
Operating expenses	(26.939)	(25.573)	-5%
Profit (loss) from equity investments	(219)	(163)	-26%
Gross operating profit	8.079	6.779	-16%
Provision on receivables/financial assets (**)	700	(1.968)	-381%
Net operating profit	8.779	4.811	-45%
Income tax	(2.949)	(1.580)	-46%
Minority interests	(1.517)	(1.168)	-23%
Net profit for the year	4.313	2.063	-52%

(*) Includes profit/loss and capital gains/losses relating to the HTS, HTCS portfolios and securities mandatorily measured at fair value.

(**) Includes profit/loss from contractual changes without cancellations.

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Strategic guidelines (1/5)

Strategic guidelines

1

Indirect deposits

- Increasing assets and revenues from indirect deposits.
- Extension of the client base and development of managed deposits.

2

Loans to clients

- Maintaining the interest margin even with increased average volumes, such as to support the growth of private banking and maintaining a limited risk profile.

Lines of action

- Hiring of new private bankers with medium/high seniority, continuing the implementation of the ongoing strategy.
 - Further strengthening of the Asset Management division, after the hiring of the new manager and assessment of the appointment of further external professional figures in the management committee.
 - Development and strengthening of the North Italy area, thanks to the new premises of the Milan branch, monitoring the market to assess the opening of new branches.
 - Monitoring the market for the purpose of assessing targeted acquisitions of teams, family offices, SIMs and trust companies.
 - Possibility of exploiting the strengthening needs of the Swiss structure, due to the regulatory changes under way, with the aim of broadening deposits and grasping the growth opportunities for external lines.
 - Opening to the illiquid product market.
-
- Grasping the opportunity of supporting several select clients in the granting of loans secured by Mediocredito Centrale.
 - Grants aimed at supporting the policy for extending the managed assets, in relation to the indirect deposits, with ensuing risk reduction and application of lower rates.

Strategic guidelines (2/5)

Strategic guidelines	Lines of action
<div data-bbox="128 279 611 435">3 SME services</div> <ul style="list-style-type: none">• Development of services for listed and being listed issuers (SMEs and AIM companies) to consolidate our market leadership.• Development of corporate advisory services with a focus on structured finance and minibonds.• Extension of the services portfolio.	<ul style="list-style-type: none">• Extension and consolidation of the marketing plan targeting Italian SMEs, also by forging relations with strategic partners and through broader and targeted local actions.• Further implementation of business synergies, also in the wake of the strengthening of private banking activities, and exploitation of the Bank's cross-sector competencies for the purpose of securing new potential clients.
<div data-bbox="128 808 611 963">4 Other institutional clients</div> <ul style="list-style-type: none">• Development of asset management activities for institutional investors with a special focus on insurance companies.• Specialisation in niche services and activities that are complementary or ancillary to the investment services provided by other intermediaries.	<ul style="list-style-type: none">• Implementation of services for fulfilling financial management needs in accordance with the applicable regulations (i.e. Solvency II).• Upgrading of the management processes with a renewed focus on the issues of sustainability and support of the real economy, also taking into due account the ESG risks.• Synergies with NATAM SA: establishment and administration of vehicles for institutional investors (Ucits/FIA).• Offering administrative, control and governance services to third-party managers.

Strategic guidelines (3/5)

Strategic guidelines

5

SGR Immobiliare

- Consolidation of volumes and profitability of existing funds.
- Growth of managed assets also through external lines and acquisitions.
- Gradual broadening of existing business lines also through securing new investors and market quotas.

Lines of action

- Study and structuring of extraordinary operations for maintaining the managed portfolios.
- Market monitoring for assessing the acquisition of competing companies (or any of its divisions).
- Replacement of outgoing assets relating to foreign investor platforms with new products/assets from the same sector.
- Broadening of the «long term» client portfolios through the structuring of highly appealing investment transactions offered to a multiplicity of institutional investors through fund-raising activities.
- Direct participation, by InvestiRE SGR, in the equity of new managed funds, also for the purpose of re-investing available liquid funds.

Strategic guidelines (4/5)

Strategic guidelines

6

Trust accounts

- Consolidation of activities and captive development.

7

Finnat Gestioni CH

- Strengthening of the control structure and development of activities.

Lines of action

- Consolidation of custodian capacity services and development of escrow transactions.
- Growth of fiduciary services and financial planning in the North of Italy, also thanks to cross selling with the Bank's private banking arm.
- Strengthening of administrative structures and IT investments.

- Strengthening of the risk management functions and compliance also through outsourced services to external consultants, in view of the reform process of financial intermediaries operating in Switzerland.
- Growth of managed assets within the plan's horizon thanks to the hiring of new bankers/client managers.
- Development of cross-border operations.
- IT investments for improving the operating systems and related application management.

Strategic guidelines (5/5)

Strategic guidelines

8

Proprietary

- Searching for new opportunities.

Lines of action

- Maintaining high volumes of treasury transactions.
- Completion of new operations aimed at strengthening the business and enhancing the value of equity holdings.

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