

# **Banca Finnat Euramerica**

Operating results at 31.12.2017  
2018 – 2020 Business Plan

Milan, 28.03.2018

# Agenda

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I

Key actions and comparison with the 2015 – 2017 Plan targets

II

Consolidated financial highlights at 31.12.2017

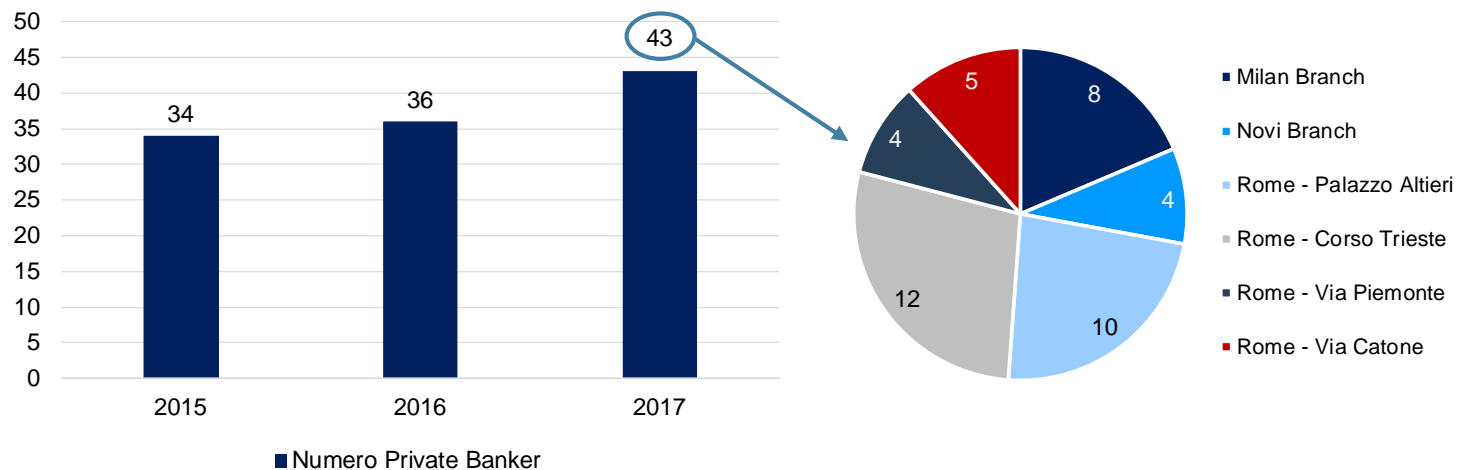
III

2018 – 2020 Business Plan

# Key actions (1/3)

## PRIVATE BANKING

- Improving our North Italian operations, thanks to the entry of Daniele Piccolo (former GM of Banca Cesare Ponti), who has been assigned the task of developing BFE in this area of the country. Strengthening the family office in Rome, with the entry of several high-standing private bankers, leading to the opening of a new branch in via Piemonte, also in view of other entries.



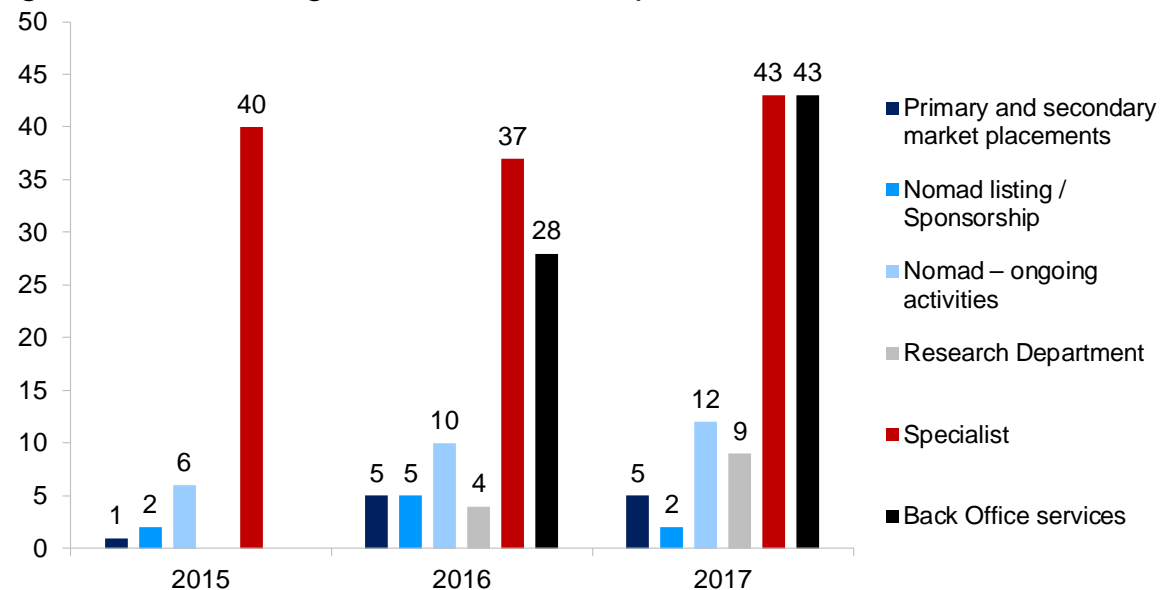
## Proprietary

- Disposal of the entire LSE Group and Anima stakes
- Pursuit of carry trade strategies, in relation to short/medium-term government bonds.
- Disposal of the 36% stakes in Revalo S.p.A..

# Key actions (2/3)

## SME SERVICES

- Extending and developing services for IPO-stage and listed SMEs:
  - consolidating our specialist leadership on the Italian AIM market;
  - securing 8 mandates for placement on the primary market (AIM Italia) and 3 mandates for placement on the secondary market (AIM Italia);
  - developing and consolidating ongoing Nomad activities, currently with regard to 12 issuers;
  - developing sponsorship activities, in respect of translisting transactions on the MTA market;
  - covering 9 issuers, through the Research Department.



# Key actions (3/3)

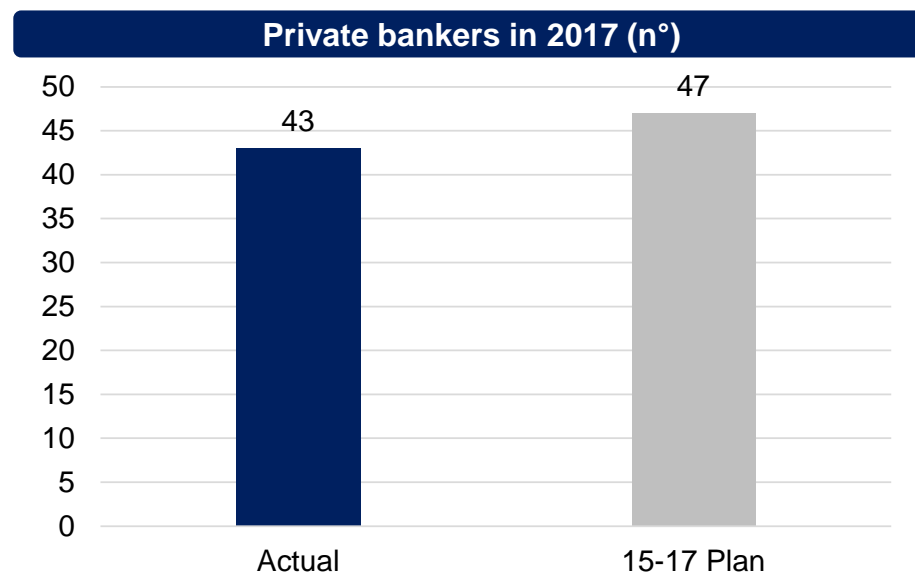
## INSTITUTIONAL CLIENTS

- Establishing and launching the Luxembourg-based NATAM Man.Co.
- Launching the *NM PIR Bilanciato Sistema Italia* fund.
- Launching the *AIM Sistema Italia PIR* fund.

## REAL ESTATE FUNDS

- Adapting the business model and corporate reorganisation, for tackling changes to the markets and new players.
- Stabilising the managed assets, also by restructuring the FIP fund.
- Investments for over 700 million in assets, with investment platforms dedicated to foreign speculative investors (Kldare and Pegasus Family Funds).
- Extending and sponsoring distressed asset management platforms targeting banking groups and leasing companies, which, today, total approx. 600 million euros in assets.

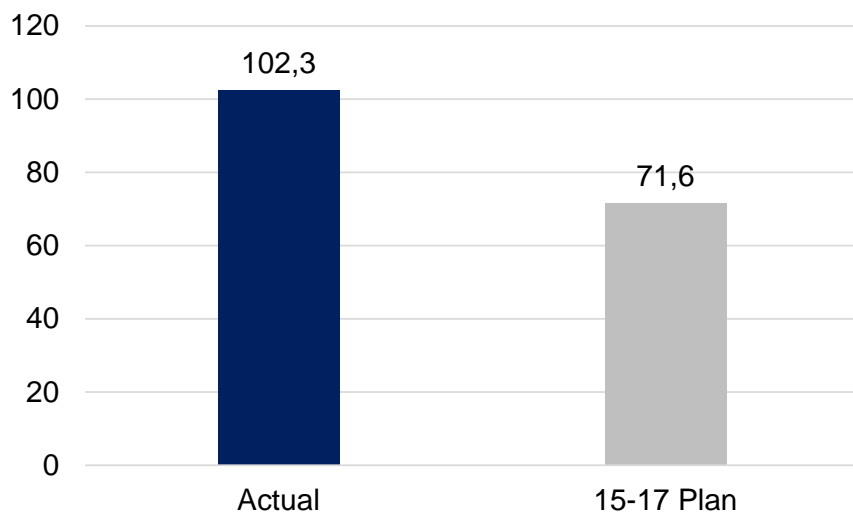
# Comparison with the 2015 – 2017 Plan targets (1/2)



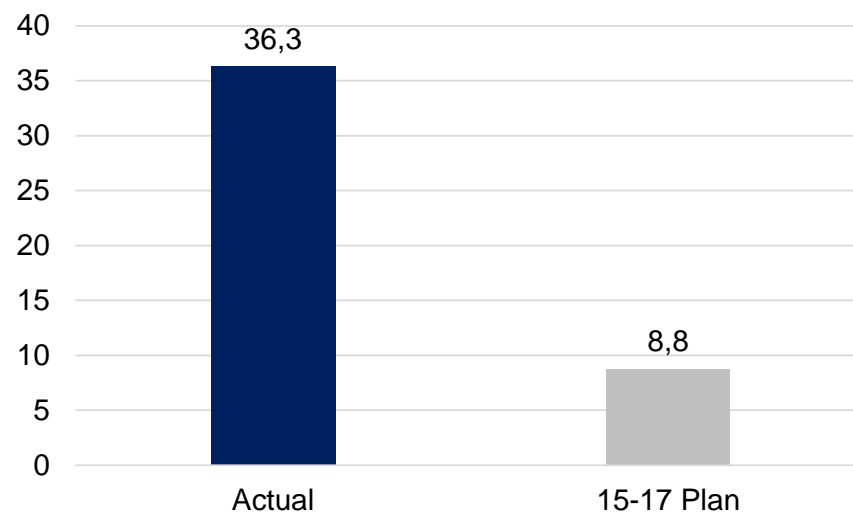
- **Financial assets**, totalling **Eur 8.2 bn**, exceed the Plan targets (+8%).
- **Real estate assets**, totalling **Eur 7.5 bn**, feature a lower-than-forecasted increase, as a result of the (i) significant changes taking place, in 2015-2017, in the reference market, and (ii) organisation problems addressed in the wake of the merger, entailing a significant growth in the size of the SGR (asset management company).
- Moreover, in 2017 an important goal was achieved in the **stabilisation** of the **FIP fund** assets, which enabled the SGR to significantly alter the future managed asset dynamics, according to a longer timeframe.
- At the end of 2017, the number of **private bankers** was below the Plan target. However, the entry of players with a much higher standing than forecasted has enabled us, nevertheless, to achieve the inflow targets from private banking.

# Comparison with the 2015 – 2017 Plan targets (2/2)

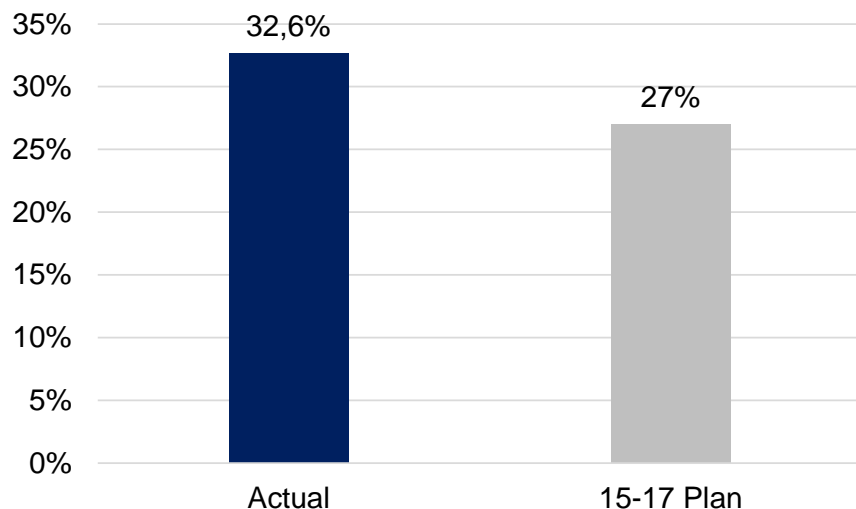
### Earnings margin in 2017 (M Eur)



### Net profit in 2017 (M Eur)



### CET 1 ratio in 2017 (%)



- The **earnings margin**, which, in 2017, totalled **102.3 M Eur**, includes the higher capital gains from the disposal of the entire LSE Group and Anima stakes.
- The **net profit**, which, in 2017, totalled **36.3 M Eur**, has increased significantly, also thanks to the consolidation of the LSE Group and Anima capital gains.
- Furthermore, the financial soundness of the Bank was confirmed based on the **CET 1 ratio** of **32.6%**.

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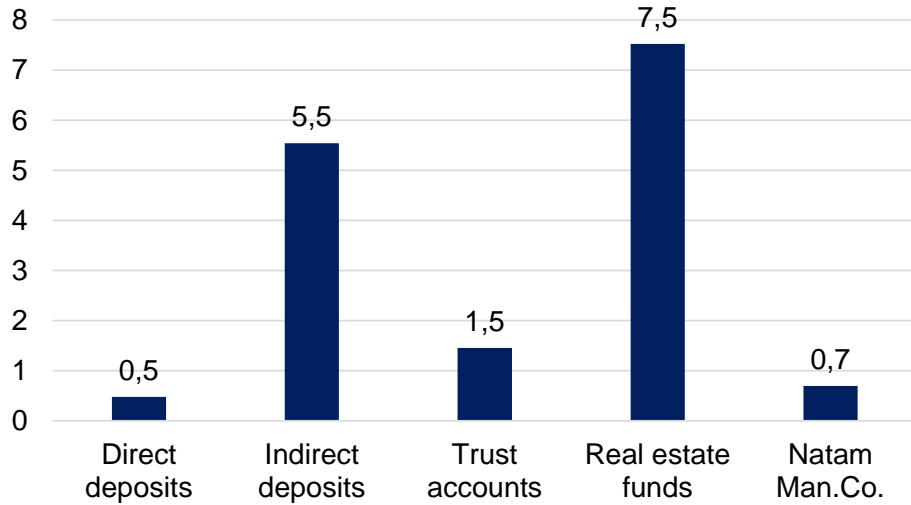
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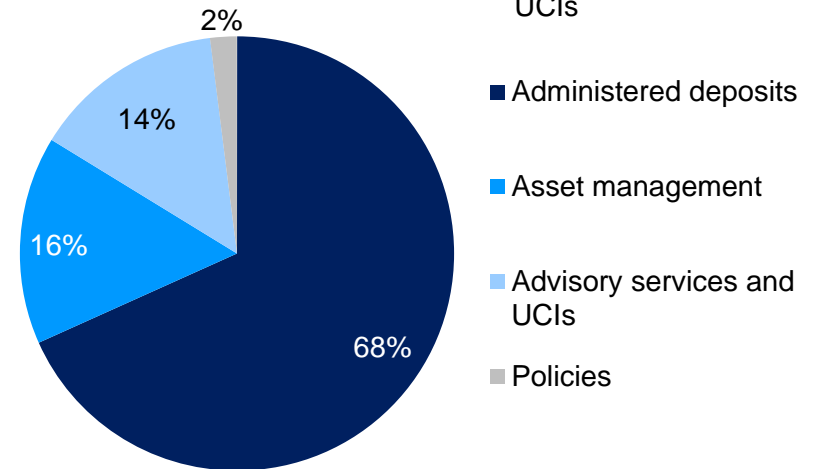
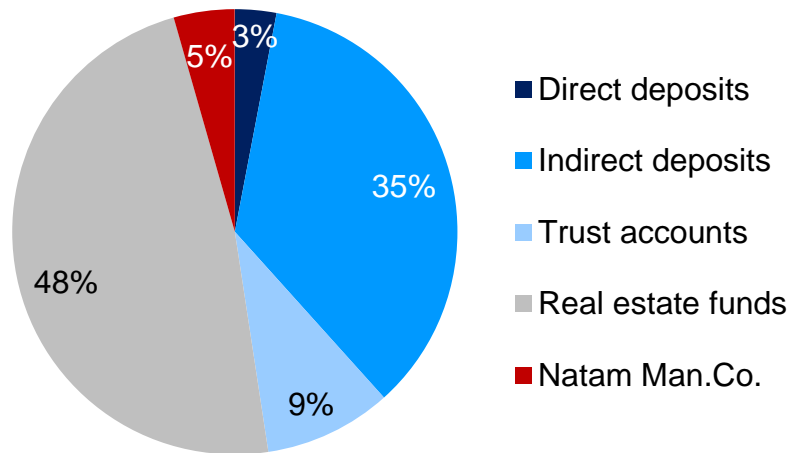
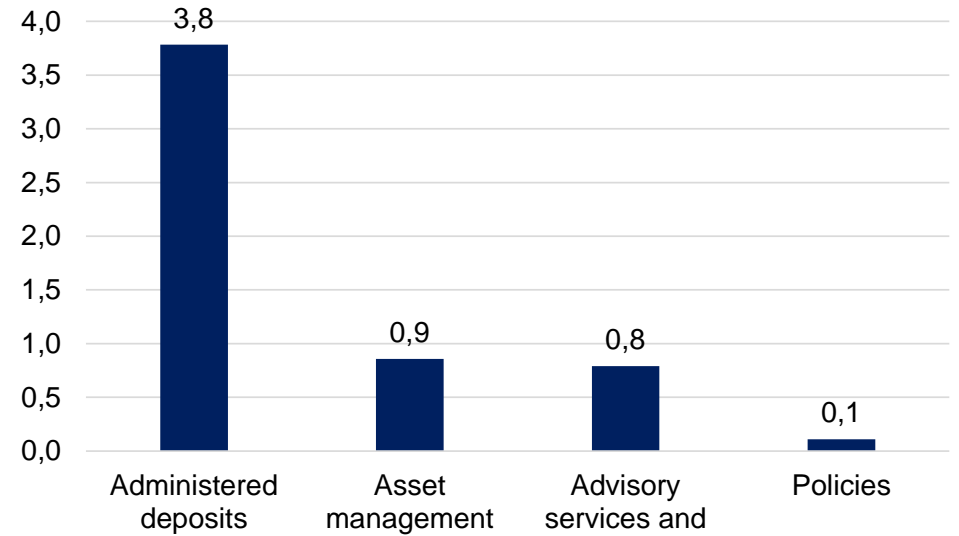


# Assets

## Assets (Bn Eur)

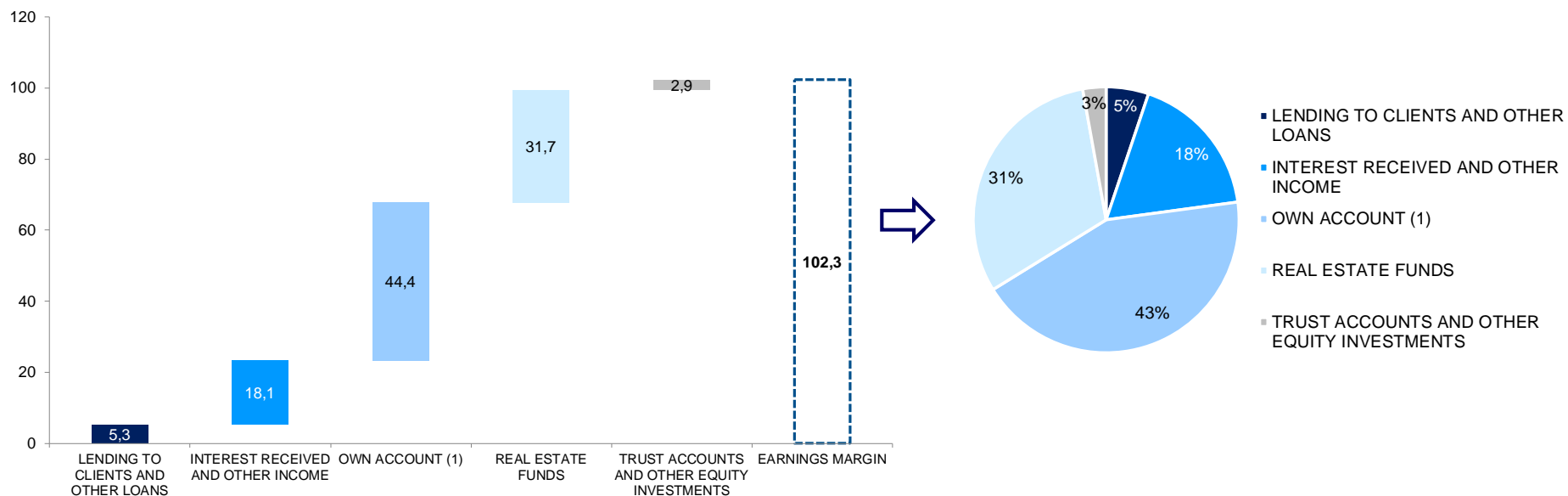


## Breakdown of indirect deposits (Bn Eur)



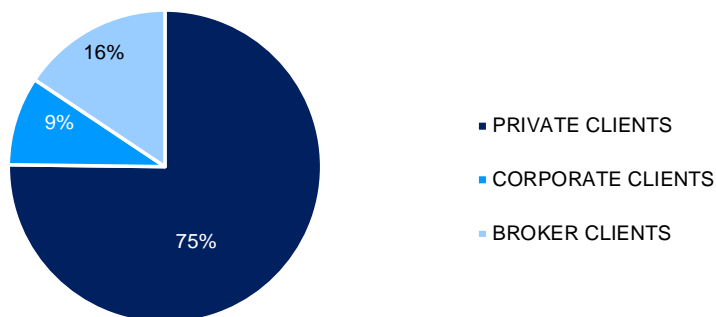
# Revenues

## Breakdown by area (M Eur and %)

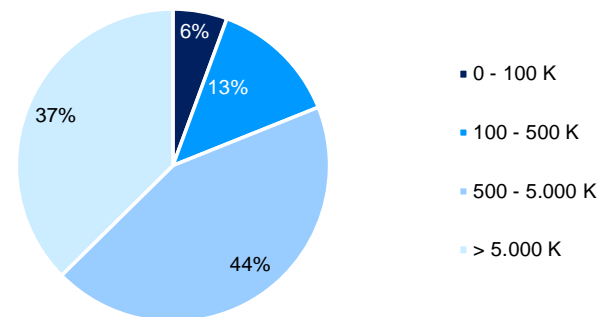


(1) Include:s interest margin from PCT transactions, trading portfolio result, dividends and other revenues from AFS portfolio securities

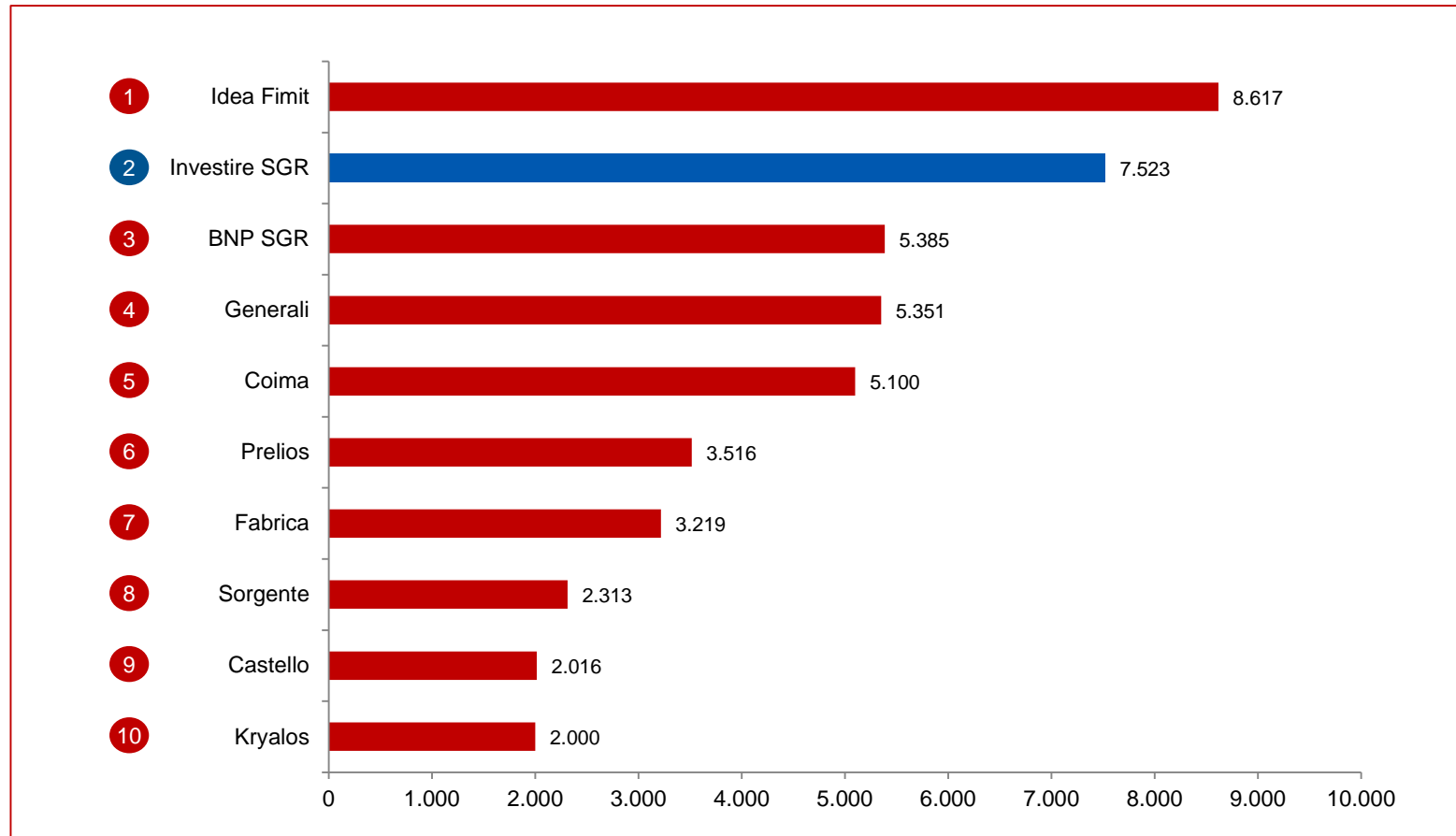
## Breakdown by type of client (%)



## Breakdown by private clients (%)



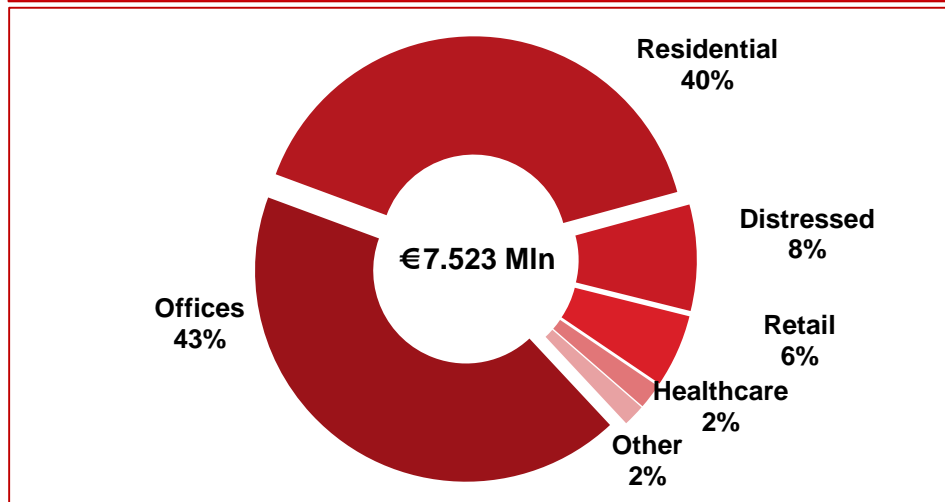
# Real estate activities – Ranking of InvestiRE



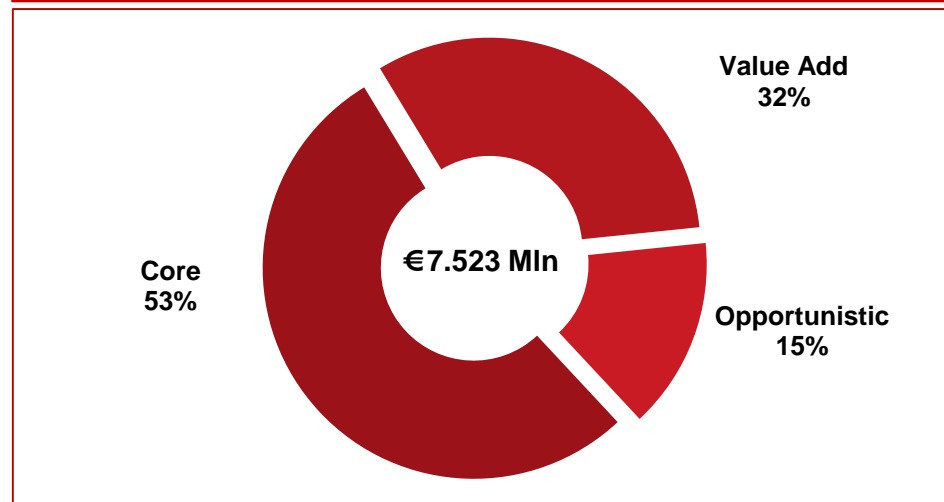
Figures at 31/12/2016, for InvestiRE figures at 31/12/2017

# Real estate activities – Breakdown of AuM (1/2)

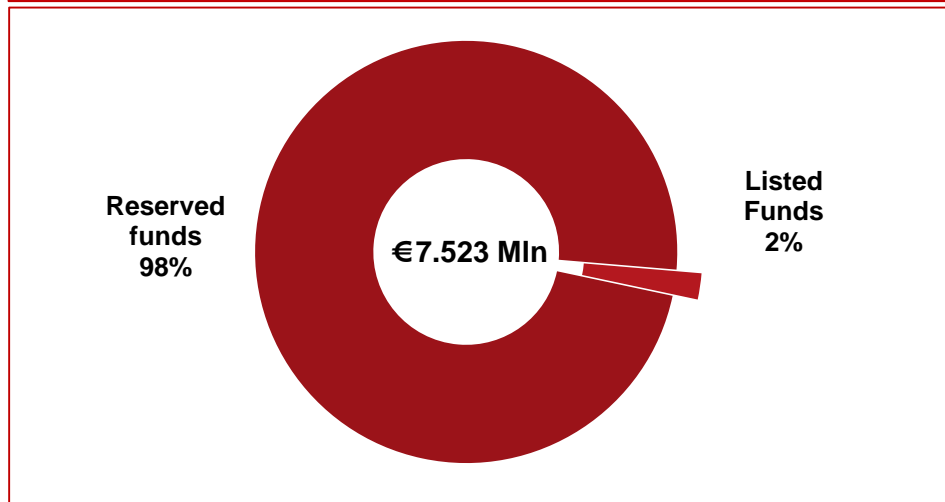
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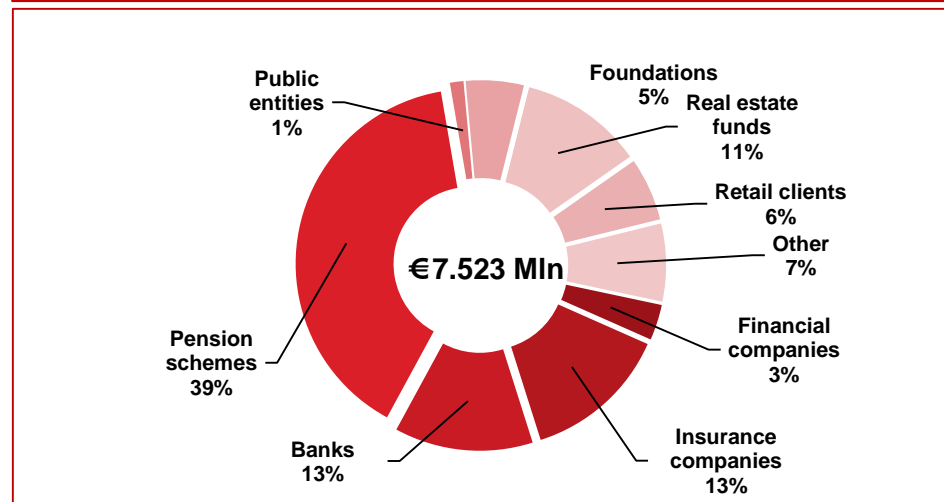
Type of fund



Type of investment

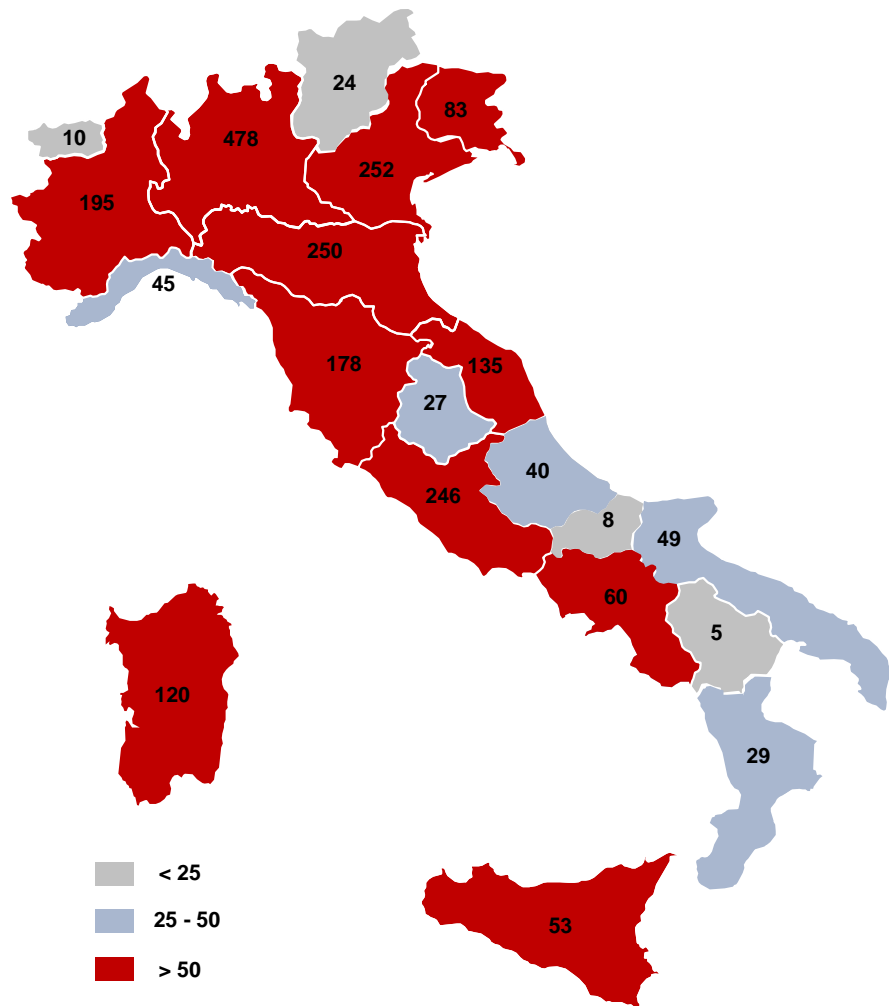


Type of investor

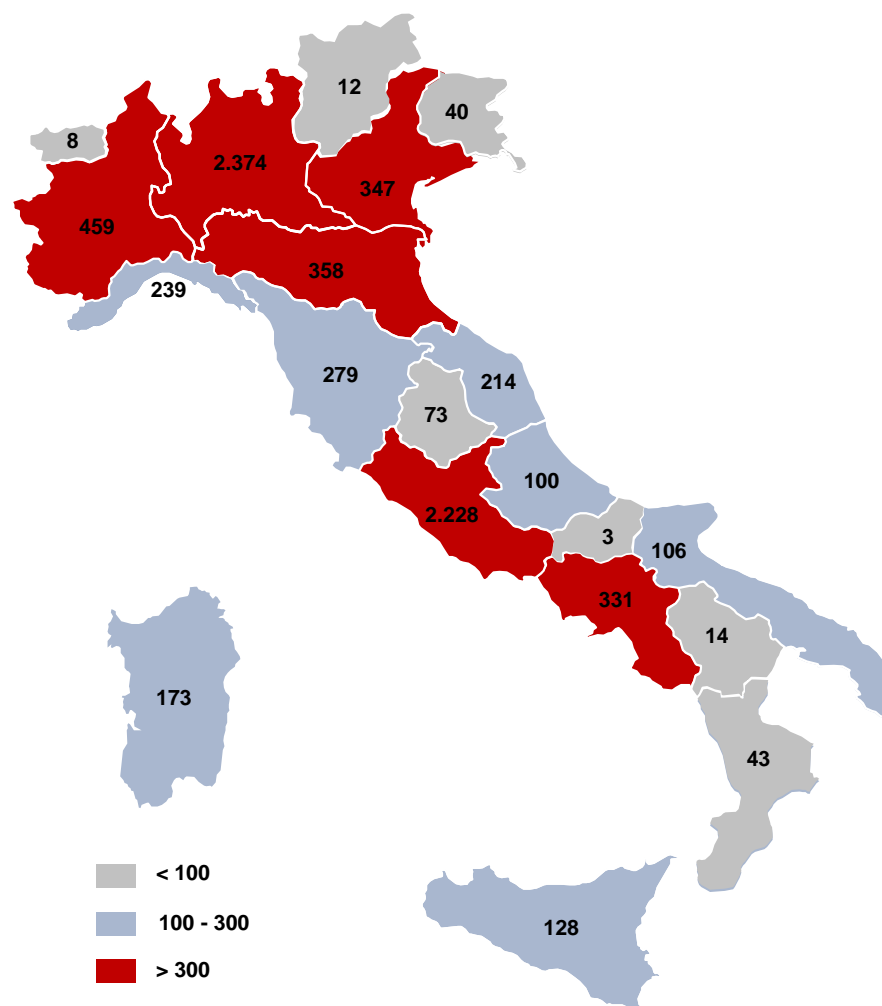


# Real estate activities – Breakdown of AuM (2/2)

Breakdown by Assets (#) - Tot. 2,287 Properties



Breakdown by Value (€M) – €7,523 m



# Reclassified consolidated profit and loss account

Consolidated profit and loss account (€000)	2016	2017	% change
Interest margin	7.740	9.034	16,7%
Dividends	3.003	2.806	(6,6%)
Net commissions	51.105	50.580	(1%)
Profit (loss) from trading activities on own account	4.684	39.904	
<b>Earnings margin</b>	<b>66.532</b>	<b>102.324</b>	<b>53,8%</b>
Administrative expenses	(49.414)	(54.062)	9,4%
Value adjustments (amortization and depreciation)	(653)	(643)	
Provisions for risks and charges	619	(100)	
Other operating income (expenses)	3.748	5.510	47%
<b>Operating expenses</b>	<b>(45.700)</b>	<b>(49.295)</b>	<b>7,9%</b>
Profit (loss) on equity investments	375	(1.708)	
<b>Gross operating profit</b>	<b>21.207</b>	<b>51.321</b>	<b>+142%</b>
Adjustments to value of receivables / financial assets	(5.842)	(6.119)	4,7%
<b>Net operating profit</b>	<b>15.365</b>	<b>45.202</b>	<b>+194,2%</b>
Income tax	(5.415)	(5.015)	
Minority interest profit	(2.654)	(3.879)	
<b>Net profit for the year</b>	<b>7.296</b>	<b>36.308</b>	<b>+397,6%</b>

# Group highlights

Group highlights	2015	2016	2017
Interest margin / Earnings margin	15,7%	11,6%	8,8%
Net commissions / Earnings margin	72,4%	76,8%	49,4%
GOP / Earnings margin	22,3%	31,9%	50,2%
Net operating profit / GOP	68,5%	72,5%	88,1%
Net profit / GOP	60,7%	34,4%	70,75%

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# Strategic guidelines (1/3)

Strategic guidelines	Action lines
<p data-bbox="84 301 120 339">1</p> <p data-bbox="109 315 518 405"><b>Indirect deposits</b></p> <ul data-bbox="126 482 868 725" style="list-style-type: none"><li>• Increasing the amount of assets and revenues from direct deposits.</li><li>• Extending the customer base and developing the amount of assets managed.</li></ul>	<ul data-bbox="948 315 1968 846" style="list-style-type: none"><li>• Attracting new private bankers with medium-to-high seniority, continuing the strategy launched in 2017.</li><li>• Developing the new Rome Branch in Via Piemonte.</li><li>• Developing and increasing operations in Northern Italy, also by assessing targeted acquisitions of teams, family office, SIMs (investment intermediaries) and trust companies.</li><li>• Completing specific market positioning operations, also for the purpose of exploiting any opportunities offered by regulatory changes (e.g., Switzerland).</li><li>• Developing products and services offered to private and institutional clients.</li></ul>
<p data-bbox="84 882 120 921">2</p> <p data-bbox="109 896 513 986"><b>Lending to clients</b></p> <ul data-bbox="126 1011 868 1175" style="list-style-type: none"><li>• 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.</li></ul>	<ul data-bbox="948 953 1968 1146" style="list-style-type: none"><li>• Increasing m/l term loans secured by quality assets, with spread value in line with recent years.</li><li>• Increasing the amount of loans granted at lower interest rates to enhance the development of the managed assets.</li></ul>

# 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.

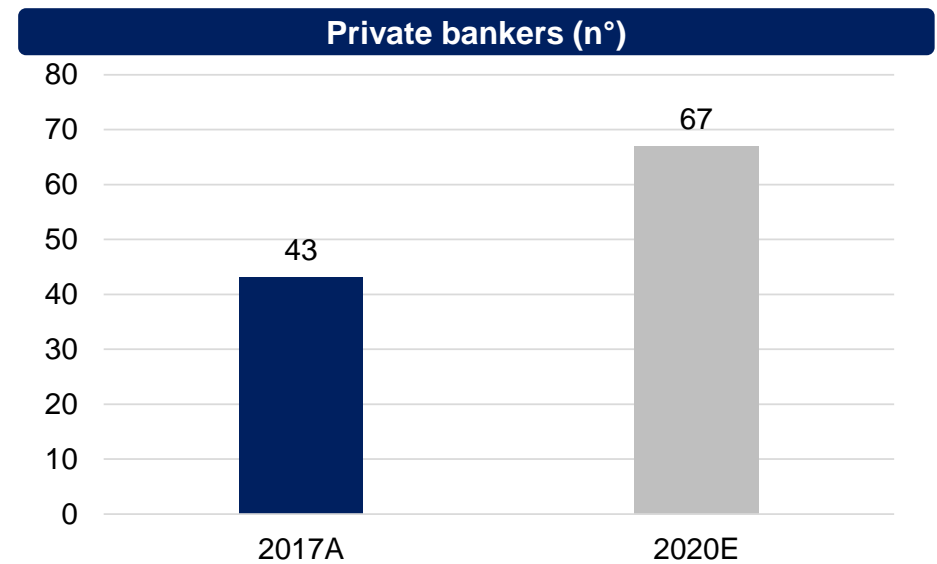
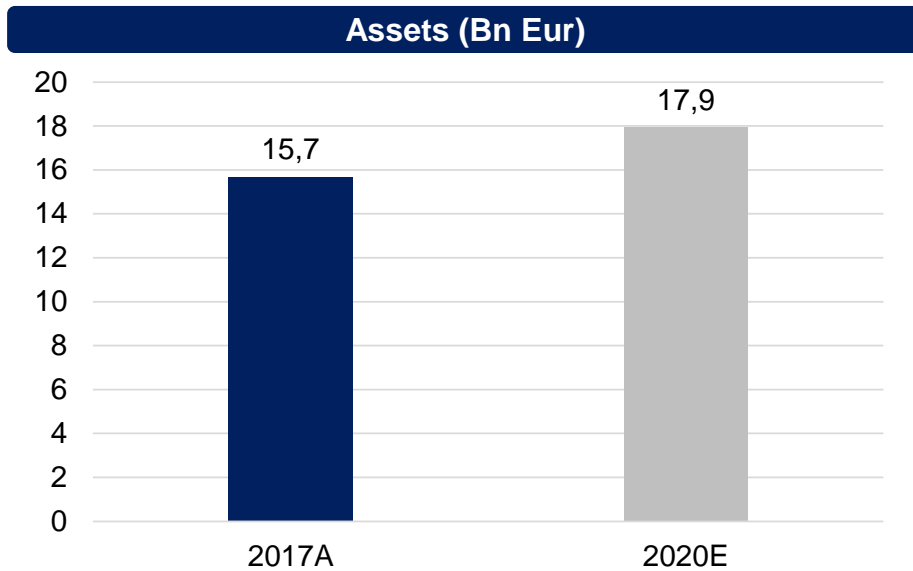
## Action lines

- 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 hetero-managed 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)

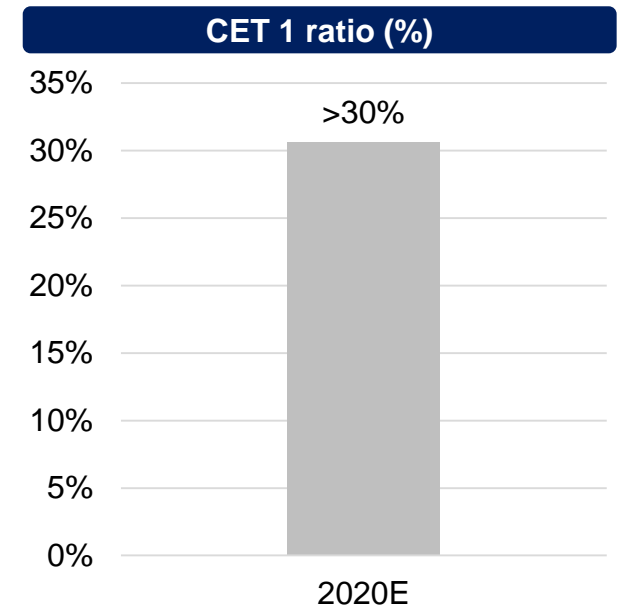
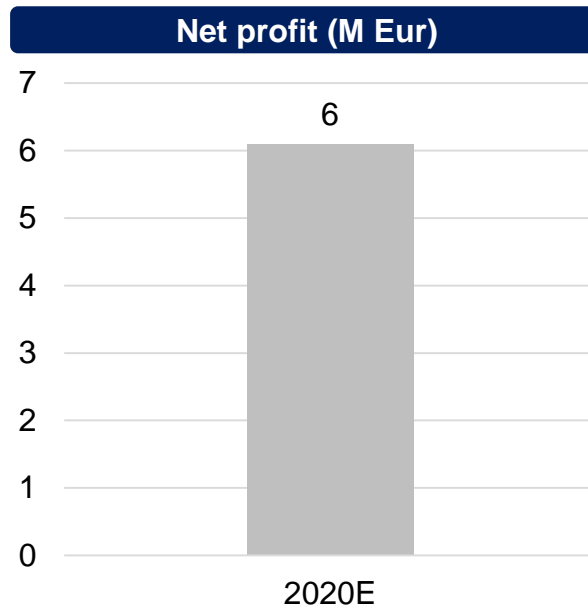
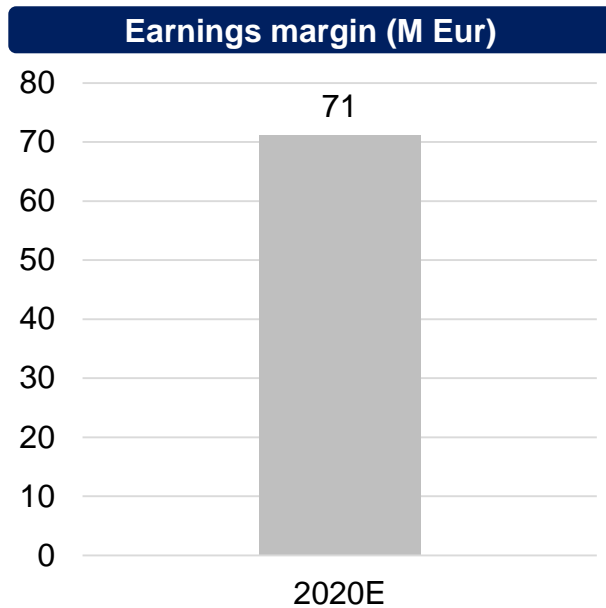
Strategic guidelines	Action lines
<p data-bbox="99 315 124 349">5</p> <p data-bbox="111 325 536 425"><b>Real estate funds</b></p> <ul data-bbox="136 446 878 839" style="list-style-type: none"><li>• Replacing the outgoing assets, related to the foreign investor platforms, with new products/assets coming from the same sector.</li><li>• Consolidating the volume and profitability of the existing funds.</li><li>• Gradually extending the existing business lines, also by securing new investors and market shares.</li></ul>	<ul data-bbox="948 454 1968 761" style="list-style-type: none"><li>• Identifying new products / opportunistic funds by exploiting the existing structure and know-how.</li><li>• Developing new projects in the following sectors: real estate private equity, banking, RSA, pension schemes / insurance, accommodation.</li><li>• Improving, strengthening and extending the existing funds.</li></ul>
<p data-bbox="99 922 124 956">6</p> <p data-bbox="111 932 553 1032"><b>Proprietary</b></p> <ul data-bbox="136 1082 679 1118" style="list-style-type: none"><li>• Searching for new opportunities.</li></ul>	<ul data-bbox="948 972 1968 1122" style="list-style-type: none"><li>• Maintaining high volumes of treasury transactions.</li><li>• Speculative transactions and/or targeted small-scale acquisitions aimed at developing private banking.</li></ul>

# 2018 – 2020 Business Plan targets (1/2)



- **Total assets** feature a **5% CAGR** and are expected to reach **17.9 Bn Eur** in 2020, primarily as a result of the growth of assets net of real estate from 8.2 Bn Eur in 2017 to 10 Bn Eur in 2020.
- Regarding the private banking area, we expect to bring in a further **24 new consultants** between 2018 and 2020, to work alongside the current team of 43 consultants.

## 2018 – 2020 Business Plan targets (2/2)



- The **earnings margin** and **net profit** are expected to total **71 M Eur** and **6 M Eur**, respectively, at the end of the Business Plan period, highlighting the increase in commissions from indirect deposits and 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 ratio** in excess of **30%** at the end of the Plan period.
- We also expect to pay an annual **dividend** of 0.01 Eur per share.

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