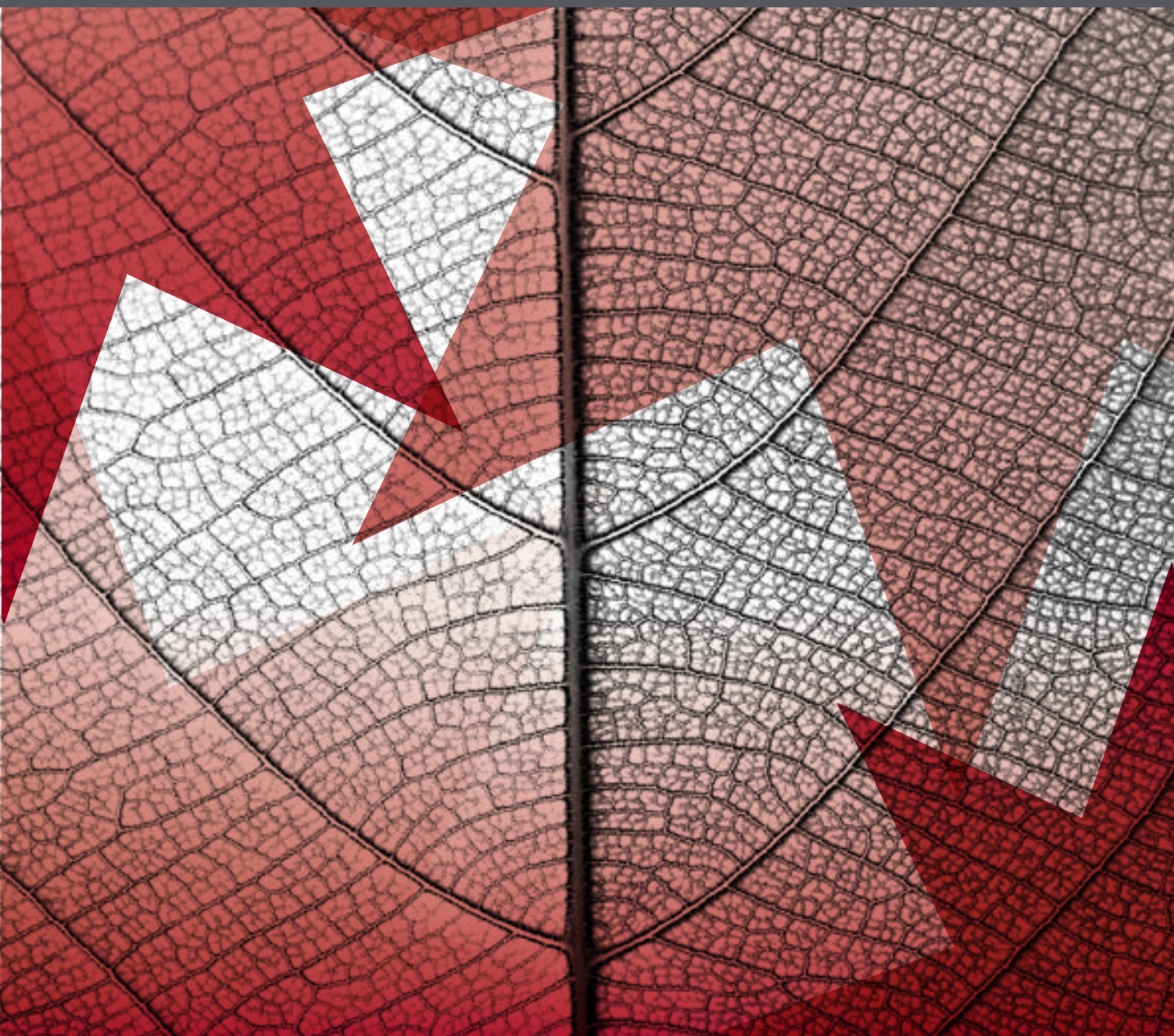




BANCA FINNAT

GRUPPO BANCA FINNAT

CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2020





CONSOLIDATED INTERIM  
REPORT ON OPERATIONS  
AT 31 MARCH 2020



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#### **BOARD OF DIRECTORS**

**Carlo Carlevaris**  
*Honorary Chairman*

**Flavia Mazzarella**  
*Chairman*

**Leonardo Buonvino**  
*Deputy Chairman*

**Marco Tofanelli**  
*Deputy Chairman*

**Arturo Nattino**  
*Managing Director*

**Ermanno Boffa**  
*Director*

**Roberto Cusmai**  
*Director*

**Giulia Nattino**  
*Director*

**Maria Sole Nattino**  
*Director*

**Lupo Rattazzi**  
*Director*

**Andreina Scognamiglio**  
*Director*

#### **BOARD OF STATUTORY AUDITORS**

**Alberto De Nigro**  
*Chairman*

**Barbara Fasoli Braccini**  
*Permanent Auditor*

**Francesco Minnetti**  
*Permanent Auditor*

**Laura Bellicini**  
*Alternate Auditor*

**Antonio Staffa**  
*Alternate Auditor*

#### **MANAGEMENT**

**Arturo Nattino**  
*General Manager*

**Giulio Bastia**  
*Joint General Manager*  
*Manager in charge of preparing the accounting documents*

**Alberto Alfiero**  
*Deputy General Manager*

## NOTES FOR READING THE INTERIM REPORT ON OPERATIONS

The Interim report on operations is prepared in accordance with the Regulation of Borsa Italiana for listed companies on the STAR segment (Article 2.2.3 Paragraph 3).

For the purposes of preparing the report, Borsa Italiana Notice no. 7587 of 21 April 2016 was taken into account; with regard to the content of the report, it confirms the application of the existing Article 154-ter, Paragraph 5 of Italian Legislative Decree no. 58/98 (Consolidated Financial Law). This article establishes that no later than forty-five days from the closing date of the first and third quarter of the year, listed issuers shall publish an Interim report on operations providing:

- a) a general description of the financial situation and of the economic performance of the issuer and of the subsidiaries in the reference period;
- b) an illustration of the significant events and of the transactions that took place in the reference period and their impact on the financial situation of the issuer and of its subsidiaries.

The present Interim report on operations provides the consolidated Balance Sheet, Income Statement, Statement of Comprehensive Income and the Statement of changes in shareholders' equity and some highlights of the Income Statement and of the Balance Sheet.

The aforesaid statements and the highlights provided are in accordance with the provisions laid down by Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation rules" – 6th update of 30 November 2018.

The results of the quarter in question were compared with those of the previous period as follows:

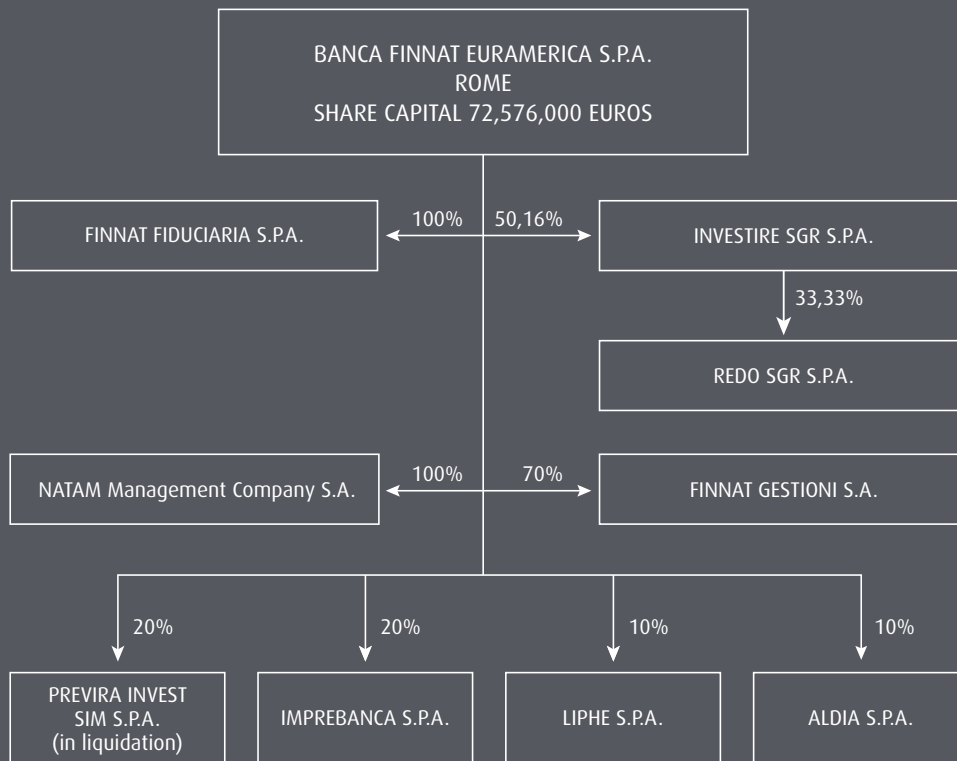
- in the Income Statement, the data for the first quarter of 2020 are compared with those of the same period of 2019 while the Statement of comprehensive income provides the data referred to the first three months of the current year, compared with those of the same period of the previous year;
- in the Balance Sheet, the values at 31 March 2020 are provided and compared with those of 31 December 2019, while the Statement of changes in shareholders' equity shows the balances at 31 December 2019 and those at 31 March 2020 and the changes that took place in the period.

Information on transfers between portfolios and on the fair value hierarchy is provided in the appropriate section.

In application of the provisions of the regulations in force, the present Interim report on operations has not been audited.

## GROUP STRUCTURE

The following diagram shows the Group's structure at 31 March 2020:





## KEY FIGURES FOR THE GROUP

	31 March 2020	31 December 2019	31 March 2019
CONSOLIDATED SHAREHOLDERS' EQUITY OF THE GROUP (in thousands of euros)	214,985	215,134	213,051
HUMAN RESOURCES OF THE GROUP	354	353	362
CONSOLIDATED PROFIT (LOSS) (in thousands of euros)	1,756	434	2,932

## STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

	Number of shares	Market price 05 May 2020	Capitalisation 05 May 2020 (in thousands of euros)	Consolidated shareholders' equity (in thousands of euros)	Share capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.2080	75,479	214,985	72,576

## Changes in the Group's deposits

(in thousands of euros)

	December 2017	December 2018	December 2019	March 2020
<b>Direct deposits from customers of the parent company</b>	<b>472,787</b>	<b>677,119</b>	<b>802,644</b>	<b>767,735</b>
- Due to customers (current accounts)	358,892	439,262	565,790	526,383
- Time deposits	91,301	209,607	211,941	230,939
- Securities issued	22,594	28,250	24,913	10,413
<b>Indirect deposits of the parent company</b>	<b>5,540,931</b>	<b>6,152,748</b>	<b>6,441,594</b>	<b>5,266,338</b>
- Individual management	571,803	480,921	484,820	426,696
- Delegated management	285,681	278,565	279,479	224,565
- Deposits under administration (UCIs and securities)	3,924,304	4,544,537	4,539,880	3,644,447
- Deposits under administration under advice (UCIs and securities)	649,060	695,044	859,826	689,977
- Third-party insurance products	110,083	153,681	277,589	280,653
<b>Trusteeship (*)</b>	<b>1,458,411</b>	<b>1,629,864</b>	<b>1,881,194</b>	<b>1,775,801</b>
<b>Real Estate Fund Management (**)</b>	<b>7,525,912</b>	<b>7,321,884</b>	<b>7,078,247</b>	<b>7,078,247</b>
<b>Luxembourg-based Sicav fund administration</b>	<b>694,087</b>	<b>662,936</b>	<b>770,279</b>	<b>671,720</b>
<b>Total deposits</b>	<b>15,692,128</b>	<b>16,444,551</b>	<b>16,973,958</b>	<b>15,559,841</b>

(\*) The figures for December 2018, December 2019 and March 2020 also include the mandates of Finnat Fiduciaria S.p.A. for the administration and custody of assets without a fiduciary registration not previously included.

(\*\*) The figures for December 2017 and 2018 include the assets of FIL 1 and FIL 2 funds transferred in 2019 to REDO SGR S.p.A. following the contribution of the Business unit by InvestIRE SGR S.p.A. The assets relating to the Management of Real Estate Funds of December 2018, net of these funds, amounted to 6,895 million euros; subsequently, Group assets amounted to 16,017 million euros.

The total assets of the Group came to 15.6 billion euros, a drop of 8% over the end of the previous year. This decrease is essentially attributable to the significant correction of the markets at global level, brought about by the Covid-19 pandemic.

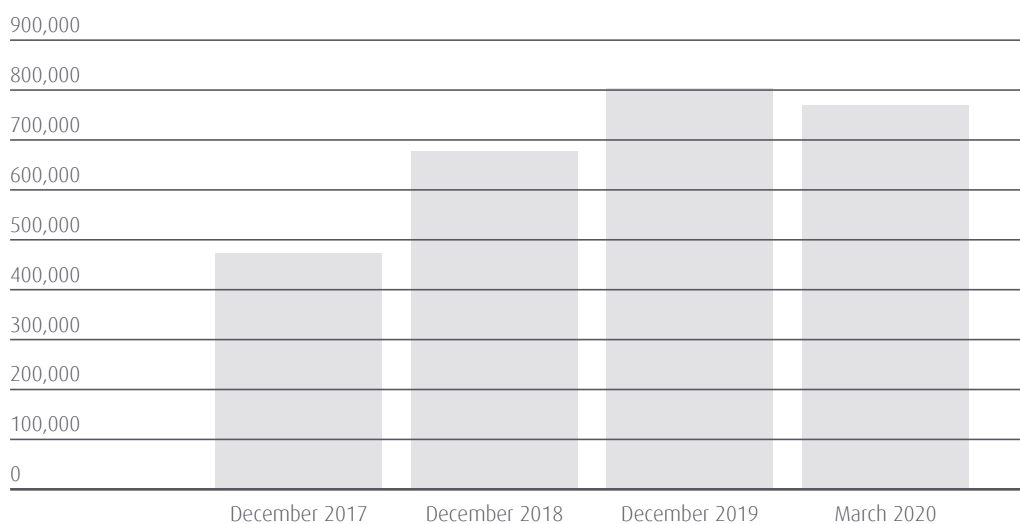




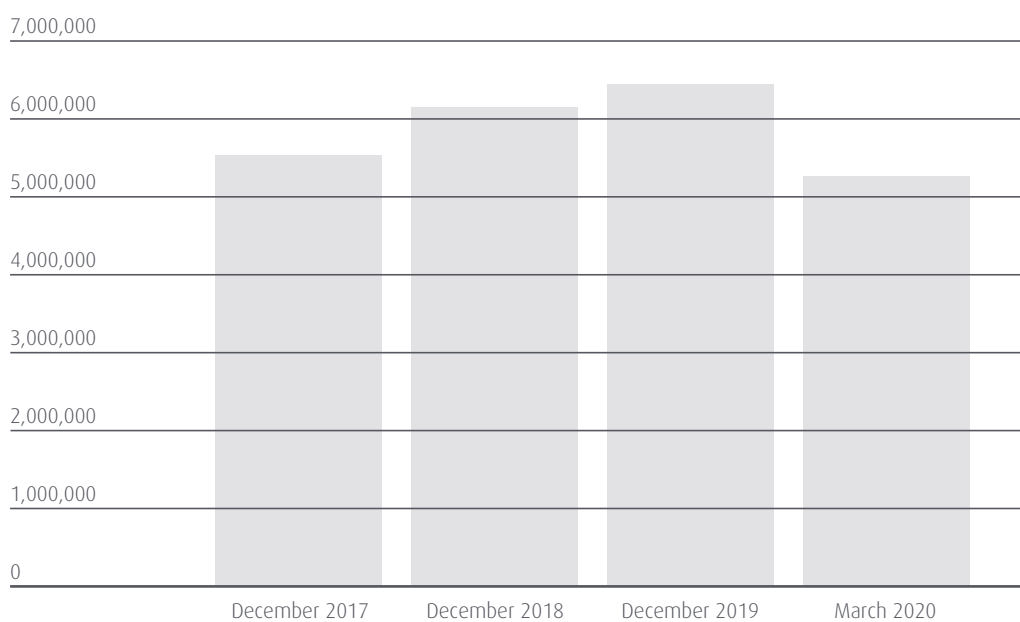
The table in the previous page shows the changes in the Group's deposits broken down by type. In detail: a) direct and indirect deposits from customers refers to the Bank's activity and does not include repos having the Cassa di Compensazione e Garanzia as the counterparty; b) trusteeship includes the deposits of Finnat Gestioni S.A.; c) the assets of the subsidiary InvestiRE SGR S.p.A. are measured at the market value of the total managed assets before subtracting debt (GAV).

All assets shown in the statement also take into account the amount invested in them and originating from the other types highlighted with the exception of "Luxembourg-based Sicav fund administration" that does not include the delegated management already included in the indirect deposits of the Parent Company.

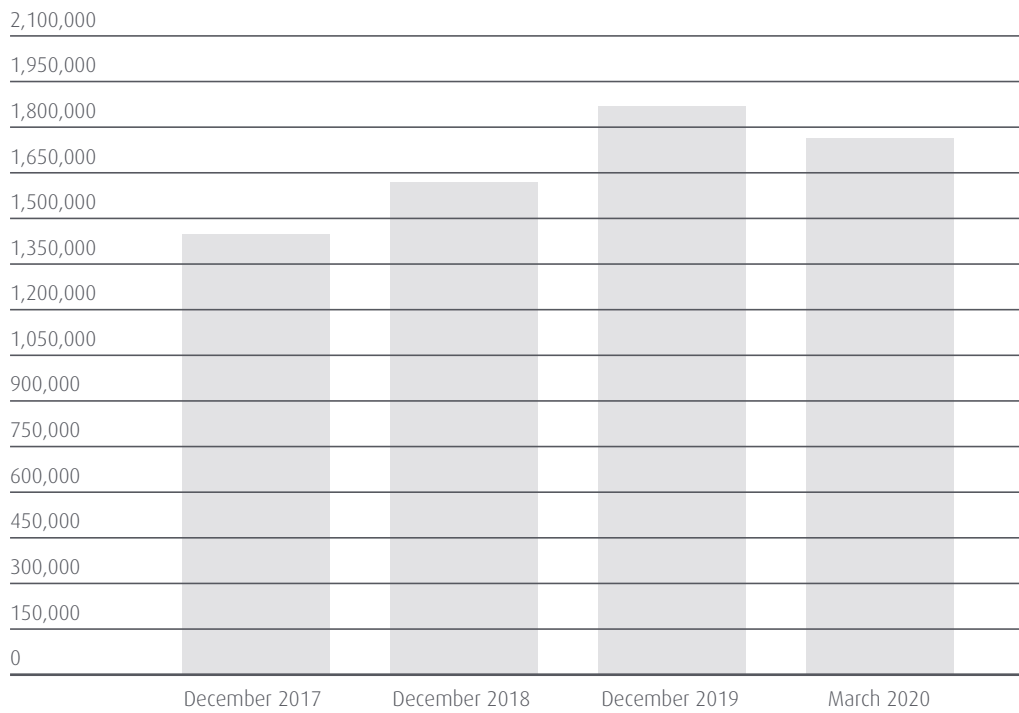
#### Direct deposits from customers



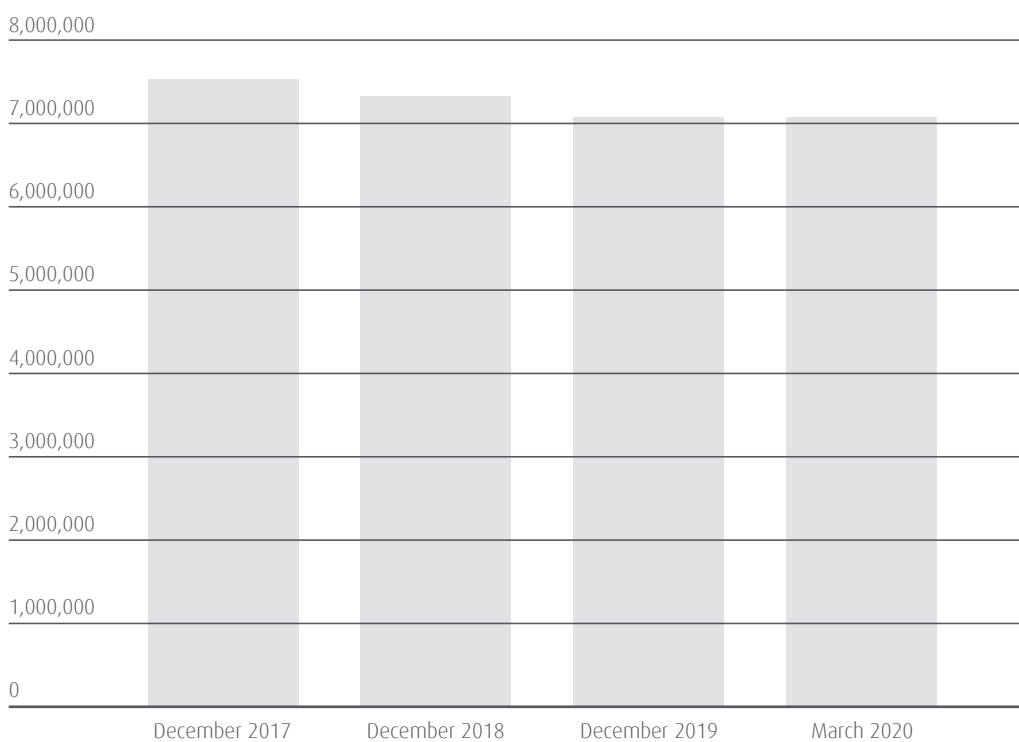
#### Indirect deposits



**Trusteeship**

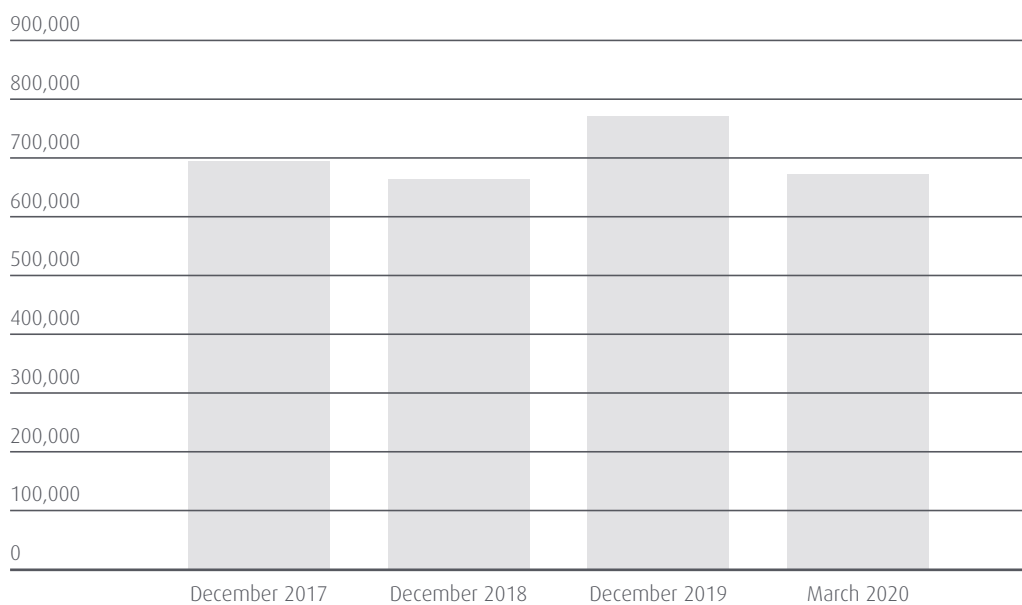


**Real Estate Funds**

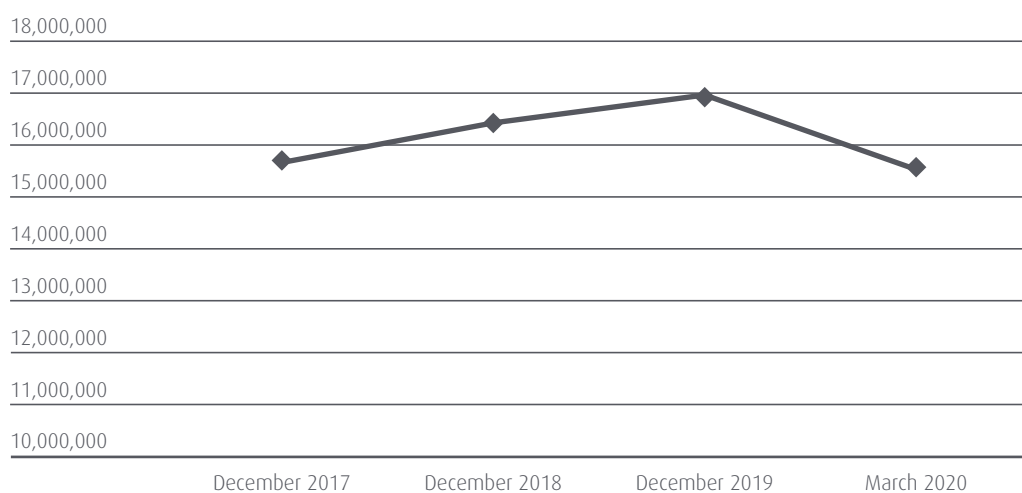




**Luxembourg-based Sicav fund administration**



**Total Group deposits**



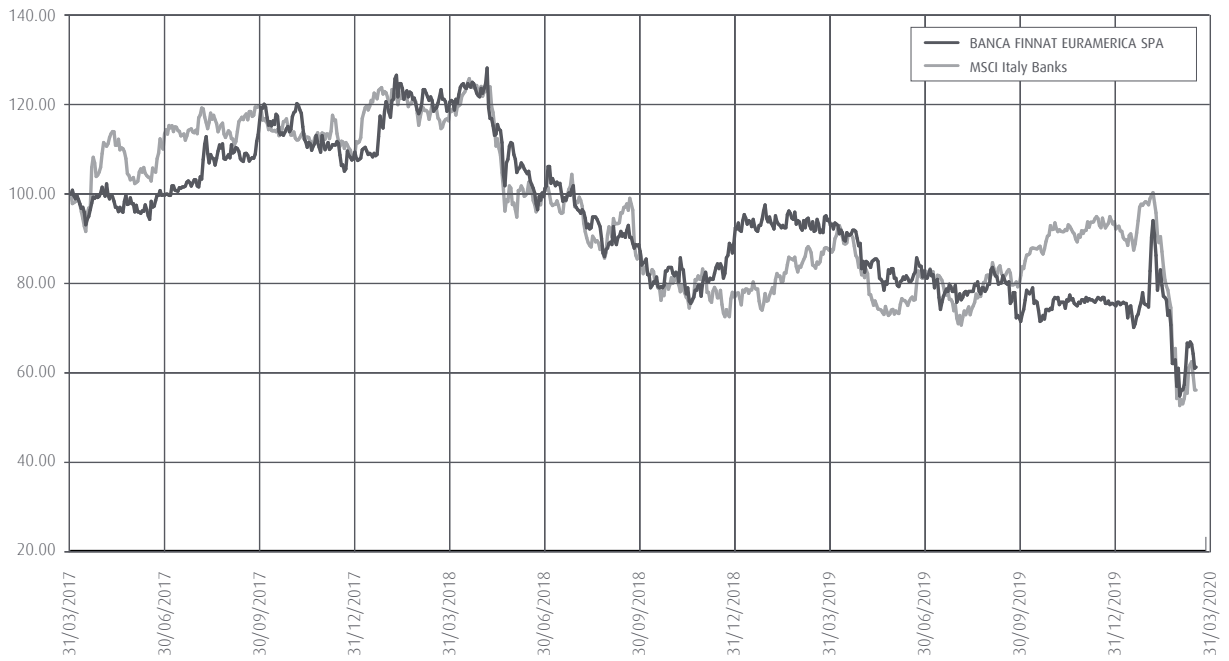
Share price performance

SECURITY	Market price in euros at:					
	5 May 2020	31 March 2020	31 December 2019	30 September 2019	28 June 2019	29 March 2019
BFE	0.2080	0.2270	0.2830	0.2980	0.3000	0.3390



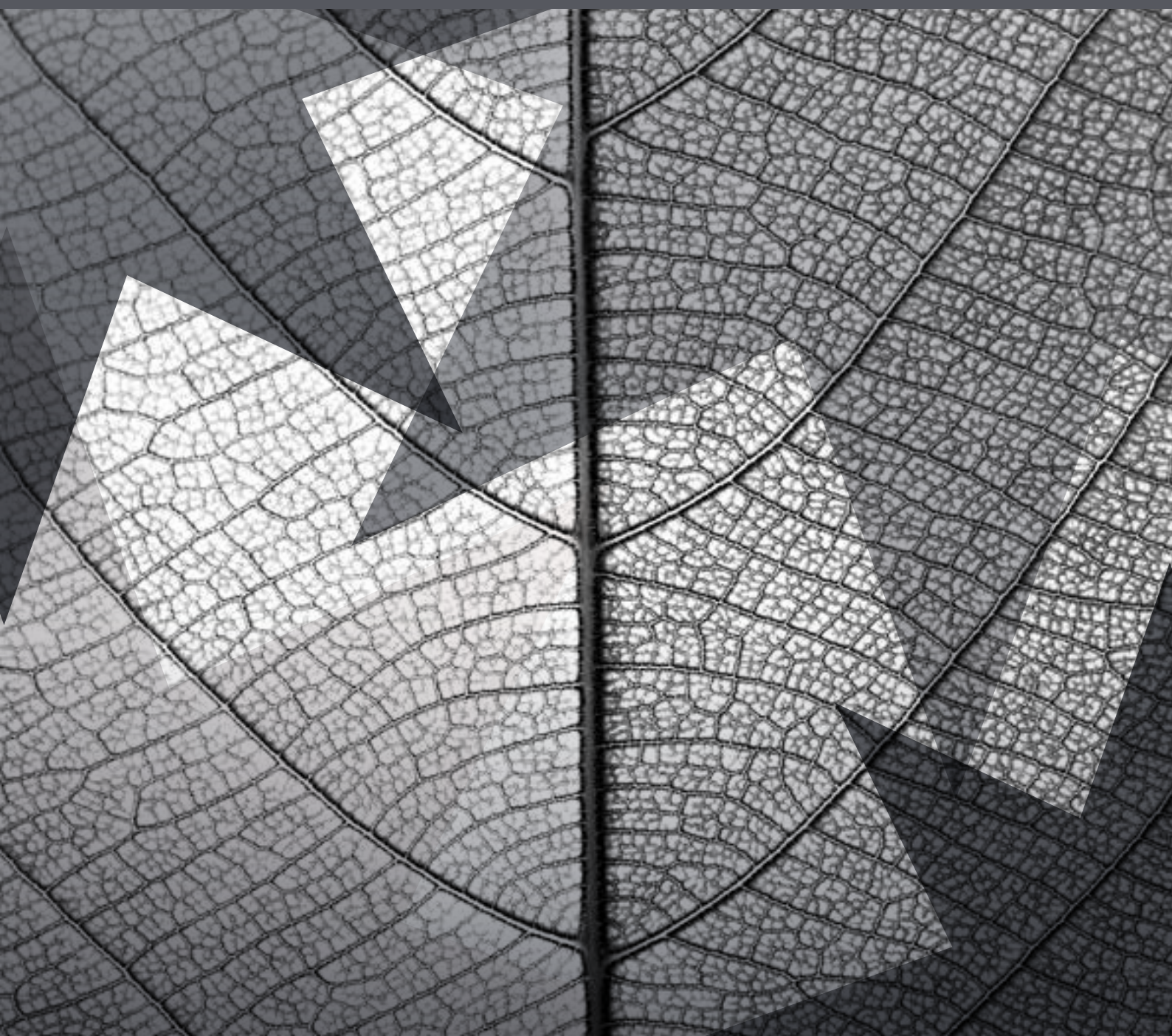
BANCA FINNAT STOCK PRICE PERFORMANCE COMPARED WITH ITALIAN BANKING SECTOR INDEX

(source Banca Intesa)





FINANCIAL STATEMENTS



**CONSOLIDATED INCOME STATEMENT**

(in thousands of euros)

Items	1 January 31 March 2020	1 January 31 March 2019
10. Interest income and similar income	4,701	4,375
20. Interest expense and similar expense	(617)	(558)
<b>30. Interest margin</b>	<b>4,084</b>	<b>3,817</b>
40. Fee and commission income	12,767	12,428
50. Fee and commission expense	(827)	(509)
<b>60. Net fees and commissions</b>	<b>11,940</b>	<b>11,919</b>
70. Dividend and similar income	881	1,905
80. Profit (losses) on trading	(925)	315
100. Profit (losses) on disposal or repurchase of:	748	2
a) financial assets designated at amortised cost	64	-
b) financial assets designated at fair value through other comprehensive income	684	2
110. Profits (losses) on other financial assets and liabilities designated at fair value through profit or loss	(431)	(1,200)
b) other financial assets mandatorily at fair value	(431)	(1,200)
<b>120. Net banking income</b>	<b>16,297</b>	<b>16,758</b>
130. Net losses/recoveries on credit risk relating to:	(68)	1,659
a) financial assets designated at amortised cost	(355)	1,405
b) financial assets designated at fair value through other comprehensive income	287	254
140. Gains/losses from contractual changes without derecognition	(88)	-
<b>150. Net income from financial operations</b>	<b>16,141</b>	<b>18,417</b>
190. Administrative expenses:	(12,891)	(13,582)
a) personnel expenses	(8,717)	(9,361)
b) other administrative expenses	(4,174)	(4,221)
200. Net provisions for risks and charges	(14)	191
a) commitments and guarantees given	(14)	30
b) other net allocations	-	161
210. Net losses/recoveries on property and equipment	(846)	(802)
220. Net losses/recoveries on intangible assets	(57)	(50)
230. Other operating income/expenses	1,244	1,560
<b>240. Operating costs</b>	<b>(12,564)</b>	<b>(12,683)</b>
250. Profit (loss) from equity investments	6	(122)
<b>290. Profit (loss) from continuing operations before taxes</b>	<b>3,583</b>	<b>5,612</b>
300. Taxes on income from continuing operations	(1,207)	(1,984)
<b>310. Profit (loss) from continuing operations after taxes</b>	<b>2,376</b>	<b>3,628</b>
<b>330. Profit (loss) for the year</b>	<b>2,376</b>	<b>3,628</b>
340. Profit (loss) for the year of minority interests	(620)	(696)
<b>350. Net profit (loss) for the year pertaining to the Parent Company</b>	<b>1,756</b>	<b>2,932</b>





**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in thousands of euros)

Items	1 January 31 March 2020	1 January 31 March 2019
<b>10. Profit (loss) for the year</b>	<b>2,376</b>	<b>3,628</b>
<b>Other comprehensive income after taxes that may not be reclassified to the income statement</b>		
20. Equity designated at fair value through other comprehensive income	(50)	25
70. Defined benefit plans	(27)	(138)
90. Share of valuation reserves connected with investments carried at equity	64	122
<b>Other comprehensive income after taxes that may be reclassified to the income statement</b>		
140. Financial assets (other than equity) designated at fair value through other comprehensive income	(1,938)	903
<b>170. Total other comprehensive income after tax</b>	<b>(1,951)</b>	<b>912</b>
<b>180. Comprehensive income (item 10+170)</b>	<b>425</b>	<b>4,540</b>
190. Consolidated comprehensive income pertaining to minority interests	615	642
<b>200. Consolidated comprehensive income pertaining to the Parent Company</b>	<b>(190)</b>	<b>3,898</b>



**CONSOLIDATED BALANCE SHEET**

(in thousands of euros)

<b>Asset items</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
<b>10.</b> Cash and cash equivalents	707	699
<b>20.</b> Financial assets designated at fair value through profit or loss	77,992	79,537
a) financial assets held for trading	57,007	57,696
c) other financial assets mandatorily at fair value	20,985	21,841
<b>30.</b> Financial assets designated at fair value through other comprehensive income	323,015	366,666
<b>40.</b> Financial assets designated at amortised cost	1,555,776	1,548,092
a) due from banks	122,111	92,968
b) loans to customers	1,433,665	1,455,124
<b>70.</b> Equity investments	11,244	11,173
<b>90.</b> Property and equipment	19,886	20,588
<b>100.</b> Intangible assets	31,268	31,296
of which:		
- goodwill	28,129	28,129
<b>110.</b> Tax assets	13,895	14,131
a) current	2,642	3,483
b) deferred	11,253	10,648
<b>130.</b> Other assets	19,718	24,970
<b>Total assets</b>	<b>2,053,501</b>	<b>2,097,152</b>



**CONSOLIDATED BALANCE SHEET**

(in thousands of euros)

<b>Liabilities and shareholders' equity</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
<b>10.</b> Financial liabilities designated at amortised cost	1,771,487	1,815,357
a) due to banks	210	369
b) due to customers	1,760,864	1,790,075
c) debt securities issued	10,413	24,913
<b>20.</b> Financial liabilities held for trading	185	152
<b>60.</b> Tax liabilities	1,034	818
a) current	474	136
b) deferred	560	682
<b>80.</b> Other liabilities	21,164	18,858
<b>90.</b> Provisions for termination indemnities	6,064	5,920
<b>100.</b> Provisions for risks and charges:	116	102
a) commitments and guarantees given	116	102
<b>120.</b> Valuation reserves	3,652	5,597
<b>150.</b> Reserves	151,060	150,586
<b>170.</b> Share capital	72,576	72,576
<b>180.</b> Treasury shares (-)	(14,059)	(14,059)
<b>190.</b> Minority interests (+/-)	38,466	40,811
<b>200.</b> Profit (Loss) for the year (+/-)	1,756	434
<b>Total liabilities and shareholders' equity</b>	<b>2,053,501</b>	<b>2,097,152</b>



## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 MARCH 2020

(in thousands of euros)

	Total shareholders' equity at 31.12.2019	Change in opening balances	Total shareholders' equity at 1.1.2020	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
<b>Share capital:</b>	<b>72,576</b>		<b>72,576</b>	-	-
a) ordinary shares	72,576		72,576	-	-
b) other shares	-		-	-	-
<b>Share issue premium</b>	-		-	-	-
<b>Reserves:</b>	<b>188,583</b>	-	<b>188,583</b>	<b>3,502</b>	-
a) profit	127,154	-	127,154	3,845	
b) other	61,429	-	61,429	(343)	-
<b>Valuation reserves</b>	<b>5,343</b>	-	<b>5,343</b>	-	-
<b>Capital instruments</b>	-		-	-	-
Treasury shares	(14,059)	-	(14,059)	-	-
<b>Net Profit (Loss) for the year</b>	<b>3,502</b>	-	<b>3,502</b>	<b>(3,502)</b>	-
<b>Total shareholders' equity</b>	<b>255,945</b>	-	<b>255,945</b>	-	-
<b>of which: Group shareholders' equity</b>	<b>215,134</b>	-	<b>215,134</b>	-	-
<b>of which: Minority interests</b>	<b>40,811</b>	-	<b>40,811</b>	-	-



Changes in reserves	Changes during the year								Shareholders' equity at 31.03.2020			
	Shareholders' equity transactions								Comprehensive income 1 January -31 March 2020	Total	Group	Minority interests
	New share issue	Purchase of treasury shares	Extra dividend distribution	Change in capital instruments	Derivatives on treasury shares	Stock options	Changes in equity investments					
-	-	-	-	-	-	-	-	-	72,576	72,576	-	
-	-	-	-	-	-	-	-	-	72,576	72,576	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
<b>(2,919)</b>	-	-	-	-	-	-	-	-	<b>189,166</b>	<b>151,060</b>	<b>38,106</b>	
(2,975)	-	-	-	-	-	-	-	-	128,024	117,814	10,210	
56	-	-	-	-	-	-	-	-	61,142	33,246	27,896	
-	-	-	-	-	-	-	-	-	<b>(1,951)</b>	<b>3,392</b>	<b>3,652</b>	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	<b>(14,059)</b>	<b>(14,059)</b>	
-	-	-	-	-	-	-	-	-	2,376	2,376	1,756	
<b>(2,919)</b>	-	-	-	-	-	-	-	-	<b>425</b>	<b>253,451</b>	-	
41	-	-	-	-	-	-	-	-	<b>(190)</b>	-	<b>214,985</b>	
<b>(2,960)</b>	-	-	-	-	-	-	-	-	<b>615</b>	-	-	





## LIST OF EQUITY INVESTMENTS INCLUDED IN THE SCOPE OF CONSOLIDATION

Company	Share capital in euros (1)	Registered office	% directly owned 31.03.2020	% indirectly owned 31.03.2020	Book value of the equity investment (in thousands of euros)	Assets
<b>Parent Company:</b>						
Banca Finnat Euramerica S.p.A.	72,576,000.00	Rome				Banking activity and banking group Parent Company
<b>Direct subsidiaries:</b>						
Finnat Fiduciaria S.p.A.	1,500,000.00	Rome	100.00			Trusteeship
Natam Management Company S.A.	750,000.00	Luxembourg	100.00			Asset management company
Finnat Gestioni S.A.	750,000.00	Lugano	70.00			Financial management and consultancy services
InvestiRE SGR S.p.A.	14,770,000.00	Rome	50.16			Promotion and management of closed-ended real estate funds
<b>Companies subject to joint control</b>						
Redo SGR S.p.A. (2)		Milan		33.33	4,519	Asset management company
Aldia S.p.A.		Bologna	10.00		390	Industrial company
Liphe S.p.A.		Bologna	10.00		150	Industrial company
<b>Companies subject to significant influence</b>						
Prévira Invest SIM S.p.A. in liquidation		Rome	20.00		9	Financial institution
Imprebanca S.p.A.		Rome	20.00		6,176	Banking activity
<b>Total</b>					<b>11,244</b>	

All subsidiaries belong to the Banca Finnat Euramerica banking group.  
 (1) The share capital of Finnat Gestioni S.A. is expressed in Swiss Francs  
 (2) Redo SGR S.p.A. is held by the subsidiary InvestiRE SGR S.p.A.

## GENERAL COMMENTS

### Results of the Banca Finnat Euramerica Group

The first three months of 2020 recorded a consolidated net profit of 1,756 thousand euros versus 2,932 thousand euros at 31 March 2019.

The result of the period under examination fell by 1,176 thousand euros (40%) compared to the first quarter of 2019. It should be noted that the spread of the Covid-19 virus and the subsequent restrictions to contain it imposed by the Government authorities in the countries concerned had a small impact on the Group's economic result for the period under review; the effects of the spread of the Covid-19 are outlined in detail in the section "The most significant transactions and events in the period".

The main items that form the results of the first three months of 2020, compared with those of the corresponding period of 2019, are illustrated below:

- The **Net banking income** at 31 March 2020 amounted to 16,297 thousand euros versus 16,758 thousand euros of the corresponding period of the previous year. The overall decrease by 461 thousand euros may be broken down as follows:

#### *increases*

- 267 thousand euros for Interest margin (4,084 thousand euros at 31 March 2020, compared to 3,817 thousand euros in the same period of 2019);
- 21 thousand euros for Net fees and commissions (11,940 thousand euros in the first three months of 2020 versus 11,919 thousand euros in the same period of 2019); net of the contribution of the business unit by InvestIRE SGR to REDO SGR, the increase would have been 795 thousand euros.
- 746 thousand euros for Profit from the sale of financial assets designated at amortised cost and financial assets designated at fair value through other comprehensive income (748 thousand euros at 31 March 2020 versus 2 thousand euros in the same period of 2019);
- 769 thousand euros for Profits (losses) on other financial assets mandatorily at fair value (negative balance of 431 thousand euros at 31 March 2020 versus a similar negative balance of 1,200 thousand euros in the same period of 2019).

#### *decreases*

- 1,024 thousand euros for Dividend and similar income (881 thousand euros at 31 March 2020, compared to 1,905 thousand euros in the first three months of 2019);
- 1,240 thousand euros as Profit (losses) on trading on trading. At 31 March 2020, the item had a negative balance of 925 thousand euros compared to a positive balance of 315 thousand euros in the first three months of 2019.

- **Net losses/recoveries on credit risk.** At 31 March 2020, this item showed net **impairment losses** totalling 68 thousand euros relating to impairment losses of Financial assets designated at amortised cost (355 thousand euros) and to value recoveries of Assets designated at fair value through other comprehensive income (287 thousand euros). At 31 March 2019, **value recoveries** had instead been made on Financial assets designated at amortised cost and on Assets designated at fair value through





other comprehensive income respectively of 1,405 thousand euros and 254 thousand euros. It should be noted, however, that the recovery recorded in the first quarter of 2019 is attributable partly to the process of refinement of the methodological framework underlying the calculation of impairment losses on loans, in order to stabilise the impact of anomalous events in the measurements of the statistical databases used to determine the expected losses following the entry into force of IFRS 9.

- **Administrative expenses** amounted, in the first three months of 2020, to 12,891 thousand euros versus 13,582 thousand euros in the same period of 2019.  
The breakdown of administrative expenses is as follows:
  - personnel expenses of 8,717 thousand euros are down by 644 thousand euros, compared to the same period of the previous year (9,361 thousand euros), also in relation to the effects of the contribution of the business unit by InvestiRE SGR to REDO SGR.
  - other administrative expenses, totalling 4,174 thousand euros, decreased by 47 thousand euros compared to the corresponding period of the previous year (4,221 thousand euros). The other administrative expenses include recoveries from customers of some costs allocated under Other operating income/expenses.
- **Net losses/recoveries on property and equipment.** The item includes impairment losses of 846 thousand euros (802 thousand euros of 31 March 2019) and comprises the depreciation of the right to use assets acquired under leases, amounting to 751 thousand euros (696 thousand euros at 31 March 2019), of which 690 thousand euros relating to other administrative expenses and 61 thousand euros referring to personnel expenses.
- **Other operating income/expenses** at 31 March 2020 showed a positive balance of 1,244 thousand euros versus 1,560 thousand euros in the corresponding period of 2019. Income comprises the recoveries of costs from customers, amounting to 1,244 thousand euros (1,502 thousand euros in the first three months of 2019).
- **Income tax** at 31 March 2020 amounted to 1,207 thousand euros versus 1,984 thousand at 31 March 2019.

\* \* \*

The comprehensive income of the first quarter of 2020 that also includes the change in the “Valuation reserve” is reported in the Statement of Comprehensive Income.



## INFORMATION ON OPERATING PERFORMANCE

### Market disclosure information

Regarding market disclosure, the Group declares that:

- with reference to the request formulated by Bank of Italy with its communication of 17 June 2008, the Bank and, at 31 March 2020, the other Group companies were not exposed to and/or did not hold an interest, either directly or through vehicle companies or other non-consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as:- SPE (Special Purpose Entities) - CDO (Collateralised Debt Obligations) - Other exposures vis-à-vis subprime and Alt-A - CMBS (Commercial Mortgage-Backed Securities) - Leveraged Finance.
- the Board of Directors of Banca Finnat Euramerica S.p.A., pursuant to Consob Resolution No. 18079 of 20 January 2012, decided, on 21 January 2013, to comply with the simplification system set forth in Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, of listed companies, to depart from the obligation to submit the information documents required by Annex 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increase by non-cash contributions, acquisitions and sales;
- with reference to the requests contained in joint Document no. 2 dated 6 February 2009 by the Bank of Italy, Consob and Isvap and in their subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made with respect to going concern assumptions, please refer to the commentary provided respectively in Part A, Section 2 – General financial reporting principles and Part E – Information on risks and related hedging policies of the Notes to the 2019 Financial Statements;
- the Bank, within the prescribed deadline of 1 February 2018, exercised the option for the application of the transitional rules prescribed by the Regulation (EU) 2017/2395, amending “Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State”. The aforesaid transitional rules provide the possibility of including in Common Equity Tier 1 capital a transitional positive component, calculated in percentage terms, of the increase undergone by the allocations for expected losses on receivables by effect of the first-time adoption of IFRS 9. This benefit is recognised for a period of 5 years according to decreasing rates (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, 25% in 2022). From 1 January 2023 onwards, the impact deriving from the first-time adoption of IFRS 9 will be fully reflected in the calculation of own funds. In addition to the possibility of delaying the impact deriving from the first-time adoption of the new accounting standard to 1 January 2018, the transitional arrangements provide the possibility of delaying any impacts of the new impairment model also in the first years following the date of first-time adoption of IFRS 9 albeit limited to those deriving from the measuring of performing financial assets.

### The most significant transactions and events in the period

- In the first few days of January 2020, the new “Coronavirus” (Covid-19) epidemic spread throughout the whole of continental China, and also to Italy and then other countries in the second half of February, declared as an unprecedented international health emergency by the World Health Organisation.





The Covid-19 pandemic, as already highlighted in the 2019 financial statements, forced the entire country into a sudden and unexpected quarantine, in order to mitigate the effects of the virus which had, and continues to have significant human, social and economic consequences, causing the slowdown or suspension of economic and commercial activities in multiple sectors.

The Banca Finnat Group, from the outset, monitored developments in the global situation and then nationally, brought about by the spread of Covid-19. In accordance with the provisions of IAS 1 and also following the recommendations of the ESMA of 11 March 2020, measures were implemented targeted at ensuring business continuity.

The Bank promptly set up an appropriate Crisis Management Committee, in order to manage the emergency and guarantee the safety of its employees and its customers. To this end, various initiatives were implemented, shared by the Risk Committee and the Board of Directors of the Bank which, at the meeting on 29 April 2020, approved the adjustment to the Business Continuity Plan, completed with the initiatives undertaken, including:

- as regards organisation of work: the preparation of a technological framework to promote company smart working for activities that can be carried out remotely. The Bank immediately took action to strengthen the IT infrastructure in order to integrate its “smart working” system; around 60% of employees are currently working remotely, in any case guaranteeing business continuity and the normal service levels to its customers;
- regarding workplace safety: the activation of all protocols drawn up by the national Authorities and Bodies aimed at guaranteeing health and safety conditions for its employees and customers; strict provisions regarding access to workplaces, cleaning, personal hygiene precautions and management of spaces were also handed down;
- on the theme of information: the constant circulation, through the company intranet, of communications and behavioural recommendations for personnel as well as the publication of useful information and documents relating to the emergency.
- regarding support for its customers:
  - it allowed corporate customers to access the measures for the suspension of loan instalments and deferral of the maturities set forth in the “Cura Italia” (Heal Italy) Decree; moratorium which enables small and medium enterprises to request the suspension of the payment of instalments (principal and interest or only principal), the extension of non-instalment-based loans and the non-revocability of amounts agreed by the bank as non-revolving credit lines, until 30 September 2020 when the following conditions are satisfied: temporary cash shortage as a direct result of the COVID-19 epidemic and not having debt positions classified as impaired.
  - it implemented the agreement with Mediocredito Centrale for the application of Law 662 on the Central Guarantee Fund (loans up to 25,000 euros, with 100% guarantee, pursuant to letter M), paragraph 1 of art. 13).

Even before the issuing of the Legislative Decrees, the Bank, as part of the commercial initiatives targeted at strengthening the relationship with the customer in this particular phase too, also provided its performing customers with the possibility of requesting the suspension for up to 12 months of the payment of the principal instalments of loans with a duration of more than 18 months. This commercial initiative is targeted at both natural persons and businesses.

It should also be noted that all the companies of the Banca Finnat Group ensured the business continuity vis-à-vis counterparties and the market, always ensuring the maximum efficiency of the service offered to customers both in branch and through remote channels.

- On 25 March 2020, the Deputy Judge in the proceedings ordered the postponement until 25 September 2020 of the hearing to examine the statement of liabilities of the bankruptcy of Bio-On, originally set for 17 April 2020. Following the well-known Bio-On events, already detailed in full in the 2019 financial statements, the Bank filed, within the relevant terms, the appropriate application for the admission of the receivables to bankruptcy liabilities.

### Significant events occurring after the end of the quarter

After the close at 31 March 2020 and until the date of preparation of this interim report on operations, no significant events or factors that can affect the financial position, equity position, or results of operations of the Group emerged.

After the close of the quarter, however, it should be noted that:

- In the first few days of April 2020, Banca Finnat implemented an initiative to support the efforts of the two Roman hospitals Istituto Nazionale Lazzaro Spallanzani and Policlinico Gemelli, in the fight against Covid-19.  
The Bank decided to provide tangible support to the ongoing emergency and established that, for each new asset management service signed by its customers in 2020, an amount of 10% of its management fees will be set aside for equal contributions to the two hospitals; the sums collected will be paid to the dedicated account “Il Messaggero per emergenza coronavirus” opened at Banca Finnat.
- On 29 April 2020, the Shareholders’ Meeting of the Bank:
  - approved the financial statements at 31 December 2019 and the allocation of profit for 2019 to the reserve;
  - approved the Remuneration Policy prepared in pursuance of Article 123-ter of Italian Legislative Decree 58/98.

Also bear in mind that the Bank and the other Group companies continue to constantly monitor the development of the economic situation and the impacts that the spread of Covid-19 could have.

### Operating outlook

The forecasts formulated at the start of the year, contained in the Budget, prepared with the involvement of the Bank’s offices and its subsidiaries, made provision for the realisation, in the current year, of a better consolidated Group result than 2019. The uncertainty surrounding the evolution of the spread of the Coronavirus and the impacts on the national economy of the restrictions introduced in order to contain the epidemic, make it extremely difficult at present to draw up accurate estimates of the potential repercussions on the Group’s economic result. The significant decrease recorded on the main markets and the situation of economic tension, may lead to a decrease in revenues from commissions and an increase in credit risks with respect to the forecasts. Based on the current scenario, it is believed, however, a positive consolidated result may be realised in 2020, nonetheless better than that of 2019.



## PREPARATION CRITERIA

### General principles

The Interim report on operations of the Banca Finnat Group at 31 March 2020 was prepared - as illustrated under "Notes for reading the Interim report on operations" - as prescribed by Article 2.2.3 Paragraph 3 of the Regulation of Borsa Italiana for listed companies on the STAR segment and referencing the criteria prescribed by the IAS/IFRS international accounting standards. The Report provides quantitative balance sheet and income statement information posted in thousands of euros using, when possible, the layouts prescribed by Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation rules" 6th update of 30 November 2018.

The preparation criteria of this Report remained unchanged with respect to those adopted for the Financial Statements at 31 December 2019.

In order to assure compliance with the times necessary to ensure immediate disclosure to the market, in some limited cases and for non-significant values, the Report was prepared using estimation criteria (based on the most recent available data) with reference both to some balance sheet items and to some income effects.

The quarterly financial statements taken as the basis of the consolidation process are those prepared by the subsidiaries approved by the respective Governing Bodies with reference to 31 March 2020. For the associated companies, instead, reference was made to the last financial statements available at the time of the preparation of the present report. The financial statements acquired are adjusted, when necessary, to make them compliant with the Group's accounting standards.

In particular:

- income data (Consolidated income statement and Consolidated statement of comprehensive income) were provided with regard to the reference quarter and they were compared with the data of the same period of the previous year;
- the balance sheet data at 31 March 2020 were compared with those at 31 December 2019;
- the shareholders' equity data show the balances at 31 December 2019 and those at 31 March 2020 and the changes that took place in the period.
- the profit for the period is after the taxes determined on the basis of the current rates and of the elements available at the date of preparation. The Bank and its Italian-based subsidiaries have decided to join the "domestic consolidated tax system" pursuant to Articles 117/129 of the TUIR. By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding tax income (taxable income or tax loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' incomes/losses) and, consequently, a single income tax debit/credit is determined.

The present report also contains a dedicated paragraph about the Disclosure on transfers between portfolios and on the fair value hierarchy.



The scope of consolidation has not changed compared to the financial statements for the year ended 31 December 2019.

In application of the provisions of the regulations in force, the present Interim report on operations has not been audited.

## INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS AND ON FAIR VALUE HIERARCHY

### Transfers between portfolios of financial assets

According to the general rules envisaged by IFRS 9 on the reclassification of financial assets (with the exception of equities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity modifies its business model for the management of financial assets. However, such cases are expected to be highly infrequent. No transfers between portfolios of financial assets were carried out by the Group in the period under review due to a change in the business model.

### Fair value hierarchy

Following are the balances at 31 March 2020 and at 31 December 2019 of the financial instrument portfolios, measured at fair value, broken down based on a hierarchy that reflects the importance of the inputs used in the valuations.

The hierarchy is determined according to the following three levels as identified by IFRS 13:

- Level 1: inputs represented by quoted prices (unadjusted) in active markets for assets and liabilities subject to measurement;
- Level 2: inputs other than quoted market prices set forth above, which are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs that are unobservable inputs for the asset or liability subject to measurement.



**Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value**

Financial assets/liabilities measured at fair value	31.03.2020			31.12.2019		
	L1	L2	L3	L1	L2	L3
1. Financial assets designated at fair value through profit or loss	53,024	23,692	1,276	53,468	24,724	1,345
a) financial assets held for trading	52,411	4,596	-	52,555	5,141	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily at fair value	613	19,096	1,276	913	19,583	1,345
2. Financial assets designated at fair value through other comprehensive income	312,182	-	10,833	355,833	-	10,833
3. Hedging derivatives	-	-	-	-	-	-
4. Property and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>365,206</b>	<b>23,692</b>	<b>12,109</b>	<b>409,301</b>	<b>24,724</b>	<b>12,178</b>
1. Financial liabilities held for trading	-	185	-	-	152	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>-</b>

Key:

L1 = Level 1; L2 = Level 2; L3 = Level 3



## INFORMATION ON THE INCOME STATEMENT, COMPREHENSIVE INCOME AND BALANCE SHEET

### INCOME STATEMENT

The most significant income components are presented below, in thousands of euros:

#### INTEREST

	Period 1 January - 31 March 2020	Period 1 January - 31 March 2019
Interest income and similar income	4,701	4,375
Interest expense and similar expense	(617)	(558)
<b>Interest margin</b>	<b>4,084</b>	<b>3,817</b>

Interest margin, almost exclusively pertaining to the Bank, increased by 267 thousand euros.

#### FEE AND COMMISSION

	Period 1 January - 31 March 2020	Period 1 January - 31 March 2019
Fee and commission income	12,767	12,428
Fee and commission expense	(827)	(509)
<b>Net fees and commissions</b>	<b>11,940</b>	<b>11,919</b>

The net fees and commissions of the first three months of 2020 were essentially in line with the same period of the previous year.

The subsidiary InvestIRE SGR S.p.A. recorded a decrease in net fees and commissions of 524 thousand euros, attributable, in particular, to the elimination of the management and development fees of the funds FIL 1 and FIL 2 (amounting to 774 thousand euros at 31 March 2019) due to the transfer of the management mandates of the two funds to REDO SGR S.p.A. following the "Agreement for the replacement of the Management Company" signed on 27 November 2019. It should be noted that, net of the effects of said transaction, the net fees and commissions of the Group would have recorded an increase of 795 thousand euros.

#### PROFIT (LOSSES) ON TRADING

Profit (Losses) on trading, referring exclusively to the Bank, presented a negative balance of 925 thousand euros in the first three months of 2020, compared to the positive balance of 315 thousand euros in the corresponding period of the previous year, and may be broken down as follows:

- A negative balance between realised profits and losses related to trading on securities and derivatives of 75 thousand euros;
- A negative difference of 1,130 thousand euros between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio;
- Foreign exchange gains of 280 thousand euros.



**PROFIT (LOSSES) ON DISPOSAL OR REPURCHASE OF:****a) financial assets designated at amortised cost**

The item, referring exclusively to the Bank, featured a positive balance of 64 thousand euros in the first three months of 2020. There were no transfers in the corresponding period of the previous year.

**b) financial assets designated at fair value through other comprehensive income**

In the first three months of 2020, the item, referring exclusively to the Bank, had a positive balance of 684 thousand euros versus a positive balance of euro 2 thousand of the first three months of 2019.

**PROFITS (LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS****b) other financial assets mandatorily at fair value**

In the first three months of 2020, the item had a negative balance of 431 thousand euros deriving from the net capital losses of 228 thousand euros recorded by the Bank and of 203 thousand euros recorded by InvestiRE SGR S.p.A.. In the first three months of 2019, the item still had a negative balance of 1,200 thousand euros.

**NET LOSSES/RECOVERIES ON CREDIT RISK RELATING TO:****a) financial assets designated at amortised cost**

In the first three months of 2020, the item presented net impairment losses of 355 thousand euros deriving from the algebraic sum of the impairment losses recorded by the Bank of 358 thousand euros, by the subsidiary Finnat Fiduciaria S.p.A. of 1 thousand euros and value recoveries of 4 thousand euros made by the subsidiary InvestiRE SGR S.p.A.

**b) financial assets designated at fair value through other comprehensive income**

In the first three months of 2020, the item presented net value recoveries of 287 thousand euros carried out by the Bank for 244 thousand euros and by Finnat Fiduciaria S.p.A. for 43 thousand euros.

At 31 March 2019, value recoveries had instead been made on Financial assets designated at amortised cost and on Assets designated at fair value through other comprehensive income respectively of 1,405 thousand euros and 254 thousand euros.

**ADMINISTRATIVE EXPENSES**

	Period 1 January - 31 March 2020	Period 1 January - 31 March 2019
Personnel expenses	8,717	9,361
Other administrative expenses	4,174	4,221
<b>Total</b>	<b>12,891</b>	<b>13,582</b>

The administrative expenses decreased by 691 thousand euros in total compared to the first three months of 2019.

Personnel expenses fell by 644 thousand euros compared to the same period of last year. The reduction pertains to the Bank for 306 thousand euros, the subsidiary InvestiRE SGR S.p.A. for 337 thousand euros



(due almost exclusively to the transfer of 18 employees following the contribution of the business unit to REDO SGR S.p.A.) and the other Group companies totalling 1 thousand euros.

The other administrative expenses decreased by 47 thousand euros compared to the first three months of 2019.

The administrative expenses also include recoveries from customers of some costs allocated under Other operating income/expenses.

#### **NET LOSSES/RECOVERIES ON PROPERTY AND EQUIPMENT**

The item includes impairment losses of 846 thousand euros (802 thousand euros in the first three months of 2019) and it comprises the depreciation of the right to use assets acquired under leases, amounting to 751 thousand euros (696 thousand euros in the first three months of 2019), of which 690 thousand euros relating to other administrative expenses and 61 thousand euros referring to personnel expenses.

#### **OTHER OPERATING INCOME/EXPENSES**

Other operating income and expenses showed a positive balance of 1,244 thousand euros versus 1,560 thousand euros in the first three months of 2019. Income comprises the recoveries of costs from customers, amounting to 1,244 thousand euros (1,502 thousand euros in the first three months of 2019).

#### **INCOME TAXES**

In the first three months of the current year, the item had a balance of 1,207 thousand euros versus 1,984 thousand euros in the same period of the previous year.

Income tax has been calculated based on the applicable tax rates.

#### **COMPREHENSIVE INCOME**

The details of the changes in the valuation reserves referred to financial assets are provided below:

##### **Changes in “Other comprehensive income after taxes that may not be reclassified to the income statement”**

The change in valuation reserves - shown in the Statement of Comprehensive Income under item “20. Equity designated at fair value through other comprehensive income” is negative by 50 thousand euros and it pertains exclusively to the Parent Company.

The change in valuation reserves - shown in the item “90. Share of valuation reserves connected with investments carried at equity” is positive by 64 thousand euros and it pertains exclusively to the Parent Company.

##### **Changes in “Other comprehensive income after taxes that may be reclassified to the income statement”**

The change in valuation reserves - shown in the Statement of Comprehensive Income under item “140. Financial assets (other than equity) designated at fair value through other comprehensive income” is negative by 1,938 thousand euros and it pertains to debt securities. The change is entirely referred to the Group and it is negative both for the Bank, by 1,902 thousand euros, and for Finnat Fiduciaria S.p.A., by 36 thousand euros.



At 31 March 2020, the valuation reserves of the Group (after taxes) are broken down as follows:

### Financial assets designated at fair value through other comprehensive income

(in euros)

<b>Parent Company</b>	
SIA S.p.A. shares.	4,774
CSE S.r.l. shares	3
Net Insurance S.p.A. shares	80
Real Estate Roma Olgiata S.r.l.	-486
Debt securities	-1,530
	<b>2,841</b>
<b>Other Group Companies</b>	
Finnat Fiduciaria (Debt securities)	-19
	<b>-19</b>
<b>Total A)</b>	<b>2,822</b>
<b>Defined benefit plans B)</b>	<b>-613</b>
<b>Share of valuation reserves connected with investments carried at equity C)</b>	<b>79</b>
<b>Valuation reserves D)</b>	<b>1,364</b>
<b>Total (A+B+C+D)</b>	<b>3,652</b>

Item D) Valuation reserves (Law no. 576/75, Law no. 72/83 and Law no. 413/91) refers to the parent company.



## BALANCE SHEET

The most significant balance sheet components at 31 March 2020 are presented below, expressed in thousands of euros:

### FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

#### a) financial assets held for trading

The financial assets held for trading, referred exclusively to the Bank, amounted to 57,007 thousand euros. The item comprises debt securities of 50,309 thousand euros, UCI units of 4,732 thousand euros, equities and warrants of 1,902 thousand euros. The item further comprises the positive valuation on forward contracts relating to sales and purchases of currencies of 64 thousand euros.

#### c) other financial assets mandatorily at fair value

The item had a balance of 20,985 thousand euros and is made up of Carige shares held by the Bank through the Voluntary Scheme of the FITD for 30 thousand euros, and UCI units owned by the Bank of 20,372 thousand euros and shares of the Immobilium Fund held by InvestiRE SGR S.p.A. of 583 thousand euros.

### FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The item amounts to 323,015 thousand euros and refers to financial instruments present in the portfolios of the following companies:

The portfolio of the Parent Company for a total amount of 321,500 thousand euros, comprises:

- debt securities totalling 310,291 thousand euros;
- equities totalling 11,209 thousand euros constituting strategic investments, broken down as follows;
  - Level 1: Net Insurance S.p.A. (377 thousand euros including the positive valuation reserve equal to 85 thousand euros);
  - Level 3: Fideuram Investimenti SGR S.p.A. (810 thousand euros), SIA S.p.A. (6,250 thousand euros including the positive valuation reserve equal to 5,130 thousand euros), CSE Consorzio Servizi Bancari S.r.l. (2,507 thousand euros including the positive valuation reserve equal to 3 thousand euros), SIT S.p.A. (15 thousand euros) and Real Estate Roma Olgiata S.r.l. (1,250 thousand euros including the negative valuation reserve equal to 514 thousand euros).

The portfolio of the other Group companies comprise debt securities owned by Finnat Fiduciaria S.p.A. of 1,514 thousand euros and an equity interest of one thousand euros owned by InvestiRE SGR S.p.A.

For the inclusion of equity in this portfolio, the irrevocable option was exercised upon initial recognition.

The write-downs carried out through 31 March 2020 on the debt securities present in this item relate to the Bank for 258 thousand euros and to Finnat Fiduciaria S.p.A. for 6 thousand euros.

The total amount of 264 thousand euros was recorded under Valuation reserves instead of as an adjustment to the item under review.





## FINANCIAL ASSETS DESIGNATED AT AMORTISED COST

### a) due from banks

Due from banks amounted to 122,111 thousand euros (of which 93,697 thousand euros pertaining to the Bank) net of global impairment losses of 18 thousand euros (of which 13 thousand euros pertaining to the Bank). This item does not include debt securities.

### b) loans to customers

Loans to customers total 1,433,665 thousand euros and they relate to loans of 499,749 thousand euros and to debt securities, exclusively owned by the Bank, of 933,916 thousand euros. The amounts are shown net of global impairment losses through 31 March 2020 equal to 27,419 thousand euros of which 26,760 thousand euros on loans and 659 thousand euros on securities.

At the end of the reporting period of this Report, the items relating to current accounts, mortgages and other loans include **non-performing assets (Bucket 3)** relating to the Parent Company totalling 47,113 thousand euros (25,109 thousand euros after the write-downs), comprising:

- **bad loans** totalling 25,176 thousand euros (5,713 thousand euros after the write-downs) relating to the following positions:
  - 4,572 thousand euros (980 thousand euros after the write-down) for the residual amount of a mortgage terminated on 8 July 2011. The transaction is secured by a first mortgage on property, the value of which – supported by a special expert appraisal report covers the entire value of the net exposure.
  - 15,249 thousand euros (3,058 thousand euros net of the write-down) relating to a receivable for a loan due from the company Bio-On. The estimate of the presumed realisable value of the receivable remained unchanged with respect to that calculated for the purposes of the 2019 financial statements, to which reference should be made as regards the measurement methodology adopted.
  - 5,355 thousand euros relating for 1,733 thousand euros to trade receivables (61 thousand euros after the write-downs) and for 3,622 thousand euros (1,614 thousand euros after the write-downs) and to receivables relating to cash loans.  
The line-by-line write-downs carried out therefore totalled 19,463 thousand euros (including 1,672 thousand euros referring to trade receivables), with a total coverage rate of 77%.
- **unlikely to pay** totalling 18,037 thousand euros (15,620 thousand euros after the write-downs) comprising:
  - overdraft facilities amounting to 244 thousand euros;
  - mortgage positions of 17,646 thousand euros (120 thousand euros of overdue instalments and 17,526 thousand euros of principal at maturity); the amount refers for 8,718 thousand euros to a loan expiring in the quarter, largely repaid and whose residual payable was extended, taking into account the guarantees received.
  - trade receivables of 147 thousand euros.  
The line-by-line write-downs totalled 2,417 thousand euros (including 128 thousand euros referring to trade receivables);
- **other positions expired or past due** for over 90 days totalling 3,900 thousand euros (3,776 thousand euros after the write-downs).

At 31 March 2020, the Bank had 31 “forborne” exposures of which:

- 11 non-performing positions totalling 33,861 thousand euros (19,329 thousand euros after write-downs), of which 2 positions included among bad loans of 15,390 thousand euros, 6 positions included among unlikely to pay of 17,400 thousand euros and 3 positions included among past due loans of 1,071 thousand euros.
- 20 performing positions totalling 7,195 thousand euros.

At 31 March 2020, the Bank calculated the write-down of the portfolio for performing loans to customers in **Bucket 1 and Bucket 2** relating to cash loans. This write-down amounted to 1,544 thousand euros, lower than the allocations made for this purpose through 31 December 2019 (equal to 2,299 thousand euros). The value recovery is largely due to the transfer, in the quarter, of a loan from performing to non-performing, with the subsequent transfer of the bad debt provision.

In 2020, the Bank recorded in the income statement 217 thousand euros for portfolio impairment losses on government bonds;

The Bank also recorded, in the period in question, 144 thousand euros for net losses on loans to customers broken down as follows: 755 thousand euros for portfolio value recoveries, 51 thousand euros for specific value recoveries, 901 thousand euros for specific impairment losses, 49 thousand euros for cancellation losses.

At 31 March 2020, the allowance for doubtful loans to Bank customers excluding securities, totalled 23,548 thousand euros of which 22,004 thousand euros on an itemised basis and 1,544 thousand euros for portfolio impairment losses.

With regard to other Group companies, the itemised allowance for doubtful loans (**Bucket 3**) at 31 March 2020 amounted to 783 thousand euros against gross non-performing loans of 1,107 thousand euros for Finnat Fiduciaria S.p.A. and to 2,358 thousand euros against gross non-performing loans of 3,443 thousand for InvestiRE SGR S.p.A.

Whereas portfolio impairment losses relating only to loans to customers (**Bucket 1 and Bucket 2**) at 31 March 2020 amounted to 62 thousand euros for InvestiRE SGR S.p.A. and to a total of 9 thousand euros for the other companies of the Group.

#### EQUITY INVESTMENTS

Equity investments amounted to 11,244 thousand euros and they are distinctly indicated in the table on page 18.

#### PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment amounted to 19,886 thousand euros, of which 12,881 thousand euros to the Parent Company.

Property and equipment relating to rights of use acquired through leases - introduced by the international accounting standard IFRS 16 - amounted to 15,307 thousand euros at 31 March 2020.





Intangible assets amounted to 31,268 thousand euros. The item comprises the goodwill recorded in 2003 by the Bank, i.e. 300 thousand euros, and the goodwill recorded in 2015 by the subsidiary InvestiRE SGR S.p.A., i.e. 27,829 thousand euros. The latter value, originally amounting to 37,429 thousand euros, decreased in 2019 by 9,600 thousand euros, corresponding to the portion relating to the business unit transferred to the associate REDO SGR S.p.A..

Intangible assets also comprise 2,677 thousand euros of positive consolidation differences referred to Finnat Fiduciaria S.p.A. and InvestiRE SGR S.p.A.

### **TAX ASSETS**

Tax assets of 13,895 thousand euros consist of receivables for current assets of 2,642 thousand euros and deferred tax assets of 11,253 thousand euros.

### **OTHER ASSETS**

The item has a balance of 19,718 thousand euros and comprises receivables from Cassa Compensazione e Garanzia of 4,244 thousand euros, receivables from Ice Clear Europe of 1,991 thousand euros, receivables from Tax Authorities as withholding agent, amounting to 8,288 thousand euros, and receivables from Counterparties and Brokers of 473 thousand euros.

### **FINANCIAL ASSETS DESIGNATED AT AMORTISED COST**

#### **a) due to banks**

The item, pertaining exclusively to the Bank, amounts to 210 thousand euros.

#### **b) due to customers**

The item amounts to 1,760,864 thousand euros and comprises 939,098 thousand of repurchase agreements carried out by the Bank with Cassa di Compensazione e Garanzia. The item also comprises lease payables of 15,605 thousand euros.

#### **c) Securities issued**

The item, pertaining exclusively to the Bank, amounts to 10,413 thousand euros and refers to the bond, issued by the Bank, including the accrued coupon. The amount is shown net of the value of securities held for trading present in the portfolio of the Bank, with a nominal amount of 19,587 thousand euros.

### **FINANCIAL LIABILITIES HELD FOR TRADING**

The item, pertaining exclusively to the Bank, amounts to 185 thousand euros and includes the negative measurement on forward contracts for sales and purchases of currencies of 184 thousand euros.

### **TAX LIABILITIES**

Tax liabilities of 1,034 thousand euros consist of payables for current taxes of 474 thousand euros and deferred tax liabilities of 560 thousand euros.

### **OTHER LIABILITIES**

Other liabilities, amounting to 21,164 thousand euros comprise payables for pension and insurance contributions of 997 thousand euros, payables to Brokers and Counterparties of 3,933 thousand euros, tax

payables as withholding tax of 1,592 thousand euros, payables to suppliers of 1,818 thousand euros and payables to personnel of 4,466 thousand euros.

### PROVISIONS FOR RISKS AND CHARGES

#### a) commitments and guarantees given

The item, pertaining exclusively to the Bank and amounting to 116 thousand euros, refers to the impairment losses recorded through 31 March 2020. In the first three months of 2020, impairment losses amounting to 14 thousand euros were recorded.

### SHAREHOLDERS' EQUITY

The consolidated Shareholders' equity of the Group amounts to 214,985 thousand euros. At 31 December 2019, the Group's shareholders' equity amounted to 215,134 thousand euros. The change in the total Shareholders' equity, of the Group and of Minority interests that took place in the period in question is shown in the dedicated table.

Own funds at 31 March 2020 amounted to 178,248 thousand euros (180,362 thousand euros at 31 December 2019), whereas the Total capital ratio, CET1 capital ratio and Tier1 ratio stood at 30.8% (31.6% at 31 December 2019). The Bank exercised the option to apply the transitional provisions for the deferment over time of the impacts of the application of the new accounting standard on own funds - illustrated in the section "Market disclosure information". Without this application, Own funds would have been equal to 176,558 thousand euros, while the Total capital ratio, the CET1 capital ratio and Tier1 ratio would have been equal to 30.6%.

These indices widely exceed minimum capital requirements at consolidated level mandated for us by the Bank of Italy at the conclusion of the supervisory review and evaluation process (SREP) established by Directive 2013/36/EU (CRD IV).

At 31 March 2020, 28,810,640 treasury shares were held exclusively by the Parent Company. These shares totalling 14,059 thousand euros, equal to 7.9% of the share capital of the Bank, in application of IAS 32, were used to adjust the shareholders' equity. In the period in question, the Bank did not buy or sell any treasury shares.

Rome, 14 May 2020







**DICHIARAZIONE DEL DIRIGENTE PREPOSTO ALLA REDAZIONE DEI DOCUMENTI CONTABILI SOCIETARI**

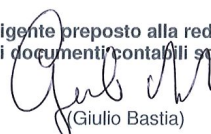
Il sottoscritto dott. Giulio Bastia, Dirigente preposto alla redazione dei documenti contabili societari di Banca Finnat Euramerica S.p.A., ai sensi dell'art. 154-bis, comma secondo, del decreto legislativo 24 febbraio 1998 n. 58,

attesta

che il Resoconto intermedio di gestione consolidato al 31 marzo 2020 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Roma, 14 maggio 2020

**Il Dirigente preposto alla redazione  
dei documenti contabili societari**

  
(Giulio Bastia)





Share Capital	€ 72,576,000 fully paid-up	Telephone	+39 06 69933.1
Registered office	00186 Rome - Palazzo Altieri - Piazza del Gesù, 49	Fax	+39 06 6784950
R.E.A. Reg. No.	444286	Website	<a href="http://www.bancafinnat.it">www.bancafinnat.it</a>
Tax Identification No.	00168220069	E-mail	<a href="mailto:banca@finnat.it">banca@finnat.it</a>
VAT Registration No.	00856091004	Investor Relations	<a href="mailto:investor.relator@finnat.it">investor.relator@finnat.it</a>
Unique Code (SDI)	IOPVBGU		

The Company is listed on the official market and its shares are admitted to trading on the STAR segment.  
The above data refers to the Parent Company Banca Finnat Euramerica S.p.A.

[www.bancafinnat.it](http://www.bancafinnat.it)

