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FINNAT APPROVES THE
CONSOLIDATED PRELIMINARY
FIGURES AS AT 31 DECEMBER 2020

Testo del comunicato

Vedi allegato.

PRESS RELEASE**THE BOARD OF DIRECTORS OF BANCA FINNAT APPROVES THE CONSOLIDATED PRELIMINARY FIGURES AS AT 31 DECEMBER 2020 WHICH SHOW PROFIT UP TO 5.1 MILLION EUROS AND THE GROUP BUSINESS PLAN 2021-2023**

- **GROUP PROFIT INCREASES SIGNIFICANTLY FROM 0.4 MILLION EUROS AS AT 31.12.2019 TO 5.1 MILLION EUROS**
- **INTEREST MARGIN STABLE AT 16.2 MILLION EUROS (-0.8% OVER 2019) WHILE NET FEES AND COMMISSIONS AMOUNT TO 49.4 MILLION EUROS, DOWN FROM 50.4 MILLION EUROS AS AT 31.12.2019 NET OF 2.6 MILLION EUROS DECLINE IN FEES AND COMMISSIONS DUE TO THE TRANSFER OF A BUSINESS UNIT BY THE SUBSIDIARY INVESTIRE SGR TO REDO SGR.**
- **THE NET BANKING INCOME, NET OF THE EFFECTS OF THE AFOREMENTIONED TRANSFER, GROWS FROM 67.7 MILLION EUROS TO 68.2 MILLION EUROS**
- **NET LOSSES ON FINANCIAL ASSETS FALL FROM 12 MILLION EUROS TO 5.2 MILLION EUROS**
- **CET1 CAPITAL RATIO STANDS AT 34.9%**

Rome, 10 February 2021 - The Board of Directors of Banca Finnat Euramerica S.p.A., met today, examined and approved the preliminary Financial Statements relating to the Consolidated Data as at 31 December 2020, drafted for the purposes of the preparation of the new prudential supervisory (COREP) and financial (FINREP) reports to be sent to the Bank of Italy by the final deadline of 11 February 2021. The Board also approved the new Group Business Plan 2021-2023.

Consolidated results for 2020

- The **Net banking income**, standing at 68.2 million euros, recorded an increase compared to the corresponding figure as at 31.12.2019, amounting to 67.7 million euros, calculated net of the effects of the transfer of the business unit by the subsidiary Investire SGR to Redo SGR. In contrast to the Interest margin which remained stable, from 16.3 million euros as at 31.12.2019 to 16.2 million euros as at 31.12.2020, Net fees and commissions recorded a slight decrease (-1.9%), amounting to 49.4 million euros, down from 50.4 million euros as at 31.12.2019 net of lower commissions of 2.6 million euros deriving from the aforementioned transfer. However, growth of 2.3% has been achieved by net commissions relating to Banca Finnat thanks to the contribution from administration, consultancy and brokerage services. The item Dividends and similar income amounted to 1.8 million euros from 3 million euros as at 31.12.2019 while the Loss on trading came to 0.25 million euros compared to a loss of 1.74 million euros registered as at 31.12.2019. Positive contributions to the Net banking income were also made by Profit on disposal of financial assets designated at amortised cost and financial assets designated at fair value through other comprehensive income, valued at a total of 1.4 million euros from 0.7 million euros as at 31.12.2019, as well as by the loss on other financial assets mandatorily at fair value through profit or loss which stood at a negative 0.4 million euros from a negative 0.9 million euros as at 31.12.2019.
- **Net losses/recoveries** on credit risk relating to financial assets stood at 5.2 million euros compared to 12 million euros as at 31.12.2019 (-57%). The variation is attributable to lower line-by-line impairment losses on non-performing positions. However, it should be noted that the updating of the macroeconomic scenario adopted for the purposes of the calculation of expected losses on financial assets acknowledged the downward revisions of growth for both the global economy and, in particular, for Italy, stemming from the economic crisis generated by the Covid-19 emergency. This resulted in an increase in collective provisions on performing loans to customers compared to what would have been recorded in the absence of that update.

- **Operating costs** stood at 51.1 million euros, an increase of 2.4% from the corresponding figure as at 31.12.2019, amounting to 49.9 million euros calculated net of the effects of the aforementioned transfer of the business unit by the subsidiary Investire SGR to Redo SGR. Higher staff costs of 1.4 million euros contributed to this increase.
- **Group net profit** rose significantly from 0.4 million euros as at 31.12.2019 to 5.1 million euros.

The Group's capital strength was confirmed by Shareholders' equity of 222.3 million euros, compared to 215.1 million euros as at 31.12.2019. Consolidated regulatory capital amounted to 184.5 million euros (180.4 million euros as at 31.12.2019), with a consolidated CET1 Capital Ratio of 34.9% (31.6% as at 31.12.2019) calculated on the basis of the transitional provisions established following the entry into force of the new IFRS 9 and opting for the exemption provided under EU Regulation 2020/873 (art. 473 bis, paragraph 7 bis). Net of these transitional provisions, the consolidated CET1 Capital Ratio would be 34.7%.

- **Total Assets Under Management** came to 15.4 billion euros.

The Banca Finnat Group immediately began monitoring the evolution of the global and then national situation caused by the spread of the Covid-19 pandemic, promptly preparing measures to ensure the normal continuation of company activities with a view to business continuity. The measures undertaken concerning the organisation of work, work safety, information and support for customers ensured business continuity with respect to counterparties and the market, while always guaranteeing the service offered to customers with the utmost efficiency, both in the branch and via remote channels, during the emergency isolation period in the first half of the year as well as in the current phase characterised by the introduction of different restrictive measures depending on the risk of the various geographical areas of our country. Recourse to smart working in the branches and in the Group's other operating offices has been adjusted as the pandemic evolves.

As at 31 December 2020, there were 28,810,640 treasury shares in the portfolio (28,810,640 as at 31 December 2019), amounting to 7.9% of the Bank's share capital.

The Board of Directors also examined and approved the new Group Business Plan for the 2021-2023 period, which is structured according to the following guidelines:

As regards *Private Banking*, the following is expected:

- Increase in assets and revenues deriving from indirect deposits.
- Expansion in the customer base and development of managed deposits through the insertion of new private bankers, primarily with significant seniority, to support the current team of consultants, continuing with the implementation of the network development strategy launched in 2017.
- Strengthening of the Northern Italy Area through both the expansion of the network of the new office of the Milan Branch and the opening of new branches in other strategic centres.
- Maintenance of the Interest margin also with an increase in the average volumes as such to support growth in Private banking and maintaining a limited risk profile.
- Development of fiduciary administration activities and of escrow transactions.
- Growth in fiduciary and financial planning services in Northern Italy also thanks to cross-selling with the Bank's private banking.

As regards services aimed at *corporate and institutional* customers, the following is expected:

- Development of services for issuers in the process of being listed and listed issuers (SMEs and AIM companies).
- Development of corporate consultancy activities, with a focus on structured finance and minibonds.
- Development of Asset Management activities for institutional managers with a focus on insurance.

- Development of commercial synergies also as a result of the strengthening of private banking and exploitation of the integrated skills of the bank in order to acquire potential new customers.
- Development of synergies with NATAM SA for the purposes of establishing and administering vehicles for institutional investors (Ucits/FIA).

For the purposes of consolidation of the leading position on the market of the subsidiary, real estate management company InvestiRE S.G.R., the following is expected:

- Increase in assets managed, including externally and through acquisitions.
- Consolidation of the volumes and profitability of existing funds.
- Gradual expansion in existing business lines also thanks to the capture of new investors and market shares.
- Continuation of direct investment by InvestiRE SGR in the equity of new funds managed, also in order to reinvest available liquidity.

The plan, more generally speaking, makes provision for monitoring of the market in order to evaluate any acquisitions both for the bank and for InvestiRE SGR.

At consolidated level, the Plan objectives are as follows:

- Growth in indirect deposits from private customers, through the development of the current sales force, to reach over 400 million euros by 2023.
- Forecast deposits of more than 1 billion euros in the period of the plan (2021-2023) from new private bankers.
- Growth in indirect deposits from 5.5 billion euros in 2020 to 7.4 billion euros in 2023, mainly due to the development of "high quality deposits".
- Growth in total Group Assets under Management from 15.4 billion euros in 2020 to 18 billion euros in 2023.
- A Net banking income exceeding 72 million euros at the end of the plan (2023).

- Group net profit of 6 million euros at the end of the plan (2023).
- The distribution, over the 2021-2023 three-year period, of dividends for an annual amount of 3.6 million euros (0.01 euro per share).
- The maintenance of significant equity strength with a Cet 1 ratio which is expected to sit at above 30% for the entire period of the plan.

The Manager in charge of preparing the accounting documents (Giulio Bastia) declares, pursuant to paragraph 2, article 154 bis of the Consolidated Financial Law, that the accounting disclosure contained in this press release corresponds to the documentary results and the accounting books and entries.

(PURSUANT TO ART. 66 OF CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999)

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Consolidated Balance Sheet, Income Statement and Statement of Comprehensive Income as at 31.12.2020 attached.

CONSOLIDATED BALANCE SHEET (in thousands of euros)			
	Asset items	31.12.2020	31.12.2019
10.	Cash and cash equivalents	711	699
20.	Financial assets designated at fair value through profit or loss	27.867	79.537
	a) financial assets held for trading	6.847	57.696
	c) other financial assets mandatorily at fair value	21.020	21.841
30.	Financial assets designated at fair value through other comprehensive income	341.825	366.666
40.	Financial assets designated at amortised cost	1.378.338	1.548.092
	a) due from banks	124.563	92.968
	b) loans to customers	1.253.775	1.455.124
70.	Equity investments	10.694	11.173
90.	Property and equipment	17.899	20.588
100.	Intangible assets	31.170	31.296
	of which:		
	- goodwill	28.129	28.129
110.	Tax assets	10.319	14.131
	a) current	809	3.483
	b) advance	9.510	10.648
130.	Other assets	23.310	24.970
	Total assets	1.842.133	2.097.152

CONSOLIDATED BALANCE SHEET (in thousands of euros)			
	Liabilities and shareholders' equity	31.12.2020	31.12.2019
10.	Financial liabilities designated at amortised cost	1.552.963	1.815.357
20.	a) due to banks	157	369
	b) due to customers	1.552.806	1.790.075
	c) securities issued	-	24.913
30.	Financial assets designated at fair value through other comprehensive income	40	152
40.	Tax liabilities	1.706	818
	a) current	487	136
	b) deferred	1.219	682
70.	Other liabilities	18.804	18.858
90.	Provisions for termination indemnities	5.605	5.920
100.	Provisions for risks and charges:	313	102
	a) commitments and guarantees given	246	102
	c) other provisions for risks and charges	67	0
110.	Valuation reserves	7.627	5.597
150	Reserves	151.029	150.586
170.	Share capital	72.576	72.576
130.	Treasury shares (-)	(14.059)	(14.059)
190.	Minority interests (+/-)	40.438	40.811
200.	Profit (loss) for the period (+/-)	5.091	434
	Total liabilities and shareholders' equity	1.842.133	2.097.152

CONSOLIDATED INCOME STATEMENT (in thousands of euros)			
	Items	31.12.2020	31.12.2019
10.	Interest income and similar income	18.428	18.742
20.	Interest expense and similar expense	(2.270)	(2.456)
30.	Interest margin	16.158	16.286
40.	Fee and commission income	51.971	54.954
50.	Fee and commission expense	(2.527)	(1.972)
60.	Net fees and commissions	49.444	52.982
70.	Dividends and similar income	1.792	3.013
80.	Profit (losses) on trading	(253)	(1.737)
100.	Profit (losses) on disposal or repurchase of:	1.448	706
	a) financial assets designated at amortised cost	278	464
	b) financial assets designated at fair value through other comprehensive income	1.170	242
110.	Profits (losses) on other financial assets and liabilities designated at fair value through profit	(399)	(926)
	b) other financial assets mandatorily at fair value	(399)	(926)
120.	Net banking income	68.190	70.324
130.	Net losses/recoveries on credit risk relating to:	(5.162)	(12.016)
	a) financial assets designated at amortised cost	(5.561)	(12.167)
	b) financial assets designated at fair value through other comprehensive income	399	151
140.	Gains/losses from contractual changes without derecognition	(185)	7
150.	Net income from financial operations	62.843	58.315
190.	Administrative expenses:	(52.190)	(54.000)
	a) personnel expenses	(36.025)	(36.227)
	b) other administrative expenses	(16.165)	(17.773)
200.	Net provisions for risks and charges	(211)	682
	a) commitments and guarantees given	(144)	-
	b) other net allocations	(67)	682
210.	Net losses/recoveries on property and equipment	(3.423)	(3.445)
220.	Net losses/recoveries on intangible assets	(245)	(211)
230.	Other operating income/expenses	4.990	5.430
240.	Operating costs	(51.079)	(51.544)
250.	Profit (loss) from equity investments	(199)	(175)
290.	Profit (loss) from continuing operations before taxes	11.565	6.596
300.	Taxes on income from continuing operations	(3.787)	(3.094)
310.	Profit (loss) from continuing operations after taxes	7.778	3.502
330.	Profit (loss) for the period	7.778	3.502
340.	Profit (loss) for the period of minority interests	(2.687)	(3.068)
350.	Net profit (loss) for the period pertaining to the Parent Company	5.091	434

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of Euros)			
	Items	FY 2020	FY 2019
10.	Profit (loss) for the period	7.778	3.502
	Other comprehensive income after taxes that may not be reclassified to the income statement		
20.	Equity designated at fair value through other comprehensive income	906	1.196
70.	Defined benefit plans	110	(346)
90.	Share of valuation reserves connected with investments carried at equity	20	78
	Other comprehensive income after taxes that may be reclassified to the income statement		
140.	Financial assets (other than equity) designated at fair value through other comprehensive income	1.033	8.126
170.	Total other comprehensive income after taxes	2.069	9.054
180.	Comprehensive income (Item 10+170)	9.847	12.556
190.	Consolidated comprehensive income pertaining to minority interests	2.726	2.934
200.	Consolidated comprehensive income pertaining to the Parent Company	7.121	9.622

Fine Comunicato n.0259-5

Numero di Pagine: 12